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Vancouver, BC
V6C 2T5

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ANNUAL INFORMATION FORM

of

GATEWAY GOLD CORP.

Suite 906 - 595 Howe Street
Vancouver, BC
V6C 2T5

March 24, 2005

TABLE OF CONTENTS

	Page
ITEM 1: PRELIMINARY NOTES	3
Documents Incorporated by Reference.....	3
Date of Information.....	3
Currency and Exchange Rates	3
Metric Equivalents	3
Glossary of Mining Terms	4
ITEM 2: CORPORATE STRUCTURE	6
Name, Address and Incorporation	6
Intercompany Relationships	6
ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS.....	6
Business of Gateway Gold. Corp. - Three Year History.....	6
ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS.....	7
General	7
Risk Factors	7
Mineral Projects	11
ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE	25
General	25
ITEM 6: MARKET FOR SECURITIES	26
Trading Price and Volume.....	26
ITEM 7: DIRECTORS AND OFFICERS	27
Corporate Cease Trade Orders or Bankruptcies	28
Penalties or Sanctions	28
Personal Bankruptcies.....	28
Conflicts of Interest.....	28
ITEM 8: PROMOTERS.....	29
ITEM 9: AUDIT COMMITTEE	30
The Audit Committee's Charter.....	30
Composition of the Audit Committee.....	34
External Auditor Service Fees (By Category)	34
ITEM 10: LEGAL PROCEEDINGS.....	34
ITEM 11: TRANSFER AGENTS AND REGISTRARS	34
ITEM 12: INTERESTS OF EXPERTS	35
ITEM 13: ADDITIONAL INFORMATION.....	35

ITEM 1: PRELIMINARY NOTES

Documents Incorporated by Reference

Incorporated by reference into this Annual Information Form are the Consolidated Financial Statements of Gateway Gold Corp. (the "Company") for the years ended December 31, 2004 and 2003, the technical report entitled "Technical Review Report on the Island Mountain, Big Springs and Golden Dome Mineral Properties, Island Mountain and Independence Mountain Districts, Elko County, Nevada, USA" dated December 20, 2002 and prepared by Giles R. Peatfield, Ph. D., P. Eng. ("Peatfield") as filed on May 15, 2003 (the "2002 Report"); and, the technical report entitled "Technical Review Report on the Island Mountain, Big Springs, Dorsey Creek and Golden Dome Mineral Properties, Island Mountain and Independence Mountain Districts, Elko County, Nevada, USA" dated April 15, 2004 and prepared by Giles R. Peatfield, Ph. D., P. Eng. ("Peatfield") as filed on June 18, 2004 (the "2004 Report") all such documents being filed on the SEDAR website located at www.sedar.com.

All financial information in this Annual Information Form is prepared in accordance with generally accepted accounting principles in Canada.

Date of Information

All information in this Annual Information Form is as of December 31, 2004 unless otherwise indicated.

Currency and Exchange Rates

All dollar amounts in this Annual Information Form are expressed in Canadian dollars unless otherwise indicated. All references to "U.S. dollars" or to "US\$" are to United States of America dollars. The exchange rate for Canadian dollars at December 31, 2004 was \$1.00=US\$0.83

Metric Equivalents

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

Terms used and not defined in this Annual Information Form that are defined in National Instrument 51-102 Continuous Disclosure Obligations shall bear that definition. Other definitions are set out in National Instrument 14-101 Definitions, as amended.

Glossary of Mining Terms

The following is a glossary of certain mining terms used in this Annual Information Form.

Adit	A passage driven horizontally into a mountainside providing access to a mineral deposit from the surface of the working of a mine.
Deposit	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved.
diamond drill	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is covered in long cylindrical sections, an inch or more in diameter.
g/t	Grams per tonne.
Grade	The amount of precious metals in each tonne of ore.
indicated mineral resource	That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
inferred mineral resource	That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
intrusive	A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas which are extruded upon the surface.
measured mineral resource	That part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

mineral reserve	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when material is mined.
mineral resource	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
mineralization	Rock containing an undetermined amount of materials or metals.
National Instrument 43-101	National Instrument 43-101 entitled "Standards of Disclosure for Mineral Projects".
open-pit mine	An excavation for removing minerals which is open to the surface.
probable mineral reserve	The economically mineable part of an indicated, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
proven mineral reserve	The economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
tailings	The material that remains after all metals considered economic have been removed from ore during milling.

ITEM 2: CORPORATE STRUCTURE

Name, Address and Incorporation

Gateway Gold Corp. (the "Company") was incorporated as Gateway Resources Ltd. on May 1, 2002 under the Company Act (British Columbia). On October 18, 2002, the name was changed from Gateway Resources Ltd. to its present name and the memorandum of the Company was amended accordingly. On September 29, 2003, the shareholders of the Company passed a special resolution to amend the authorized share capital from 20,000,000 common shares without par value to 100,000,000 common shares without par value. The Company filed transition documents with the Registrar of Companies on May 4, 2004 under the Business Corporations Act (British Columbia).

The Company's registered office is located at Suite 2300, 1055 Dunsmuir Street, Vancouver, BC V7X 1J1 and its executive offices are located at Suit 906, 595 Howe Street, Vancouver, BC V6C 2T5. The Company, through its subsidiary, maintains administrative and field offices at Suite 204, Eastland Office Complex, 2681 East Parleys Way, Salt Lake City, UT USA 84109.

Intercompany Relationships

The Company holds a 100% interest in its sole subsidiary, Gateway Gold (USA) Corp. ("Gateway USA"), a company incorporated in the State of Nevada, USA. Gateway USA holds all of the Company's mineral property assets in the state of Nevada.

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

Business of Gateway Gold Corp. - Three Year History

The Company, since its incorporation on May 1, 2002, has been engaged in the business of exploring and developing its principal properties located in Nevada, USA (the "Principal Properties"). On June 4, 2002, the Company entered into a letter agreement (the "Letter Agreement") with Genesis Gold Corporation ("Genesis") and Geological Services Inc. ("GSI") to purchase, through its wholly owned subsidiary, Gateway USA, a 100% interest in the Golden Dome, Big Springs and Island Mountain projects (collectively the "Original Properties"), three of the six main projects that comprise the currently held Principal Properties. Such properties are principally being explored by the Company for gold and other precious metals. The Letter Agreement was replaced by a mining claim purchase agreement dated December 23, 2002 among the Company, Gateway USA, Genesis and GSI as amended May 27, 2004 to clarify an area of interest clause (the "Purchase Agreement").

Upon completion of the Company's initial public offering (the "IPO") of 3,300,000 units for total gross proceeds of \$1,155,000 on June 17, 2003, the Company became listed on the TSX Venture Exchange (the "TSXV") and commenced the recommended exploration program of geological mapping, geochemical sampling, geophysics and reverse circulation drilling on the Original Properties as set out in the 2002 Report.

On September 5, 2003, the Company completed a private placement financing of 4,000,000 units for total gross proceeds of \$4,000,000. These funds were used to expand the recommended exploration program recommended in the 2002 Report and provide for a more comprehensive test of various known targets on the Company's Original Properties. Such additional exploration included a more comprehensive geophysical survey on the Golden Dome and Island Mountain projects, stratigraphic and exploratory drilling on the Golden Dome project, expanded geochemical and geophysical coverage on the

Big Springs project and preliminary drill testing of targets derived from such geochemical and geophysical surveys.

During the fall and winter of 2003 the Company completed a surface exploration program and drilling program on its Big Springs project, commenced geophysical surveys on its Island Mountain and Golden Dome projects and commenced a drill program on its Island Mountain project.

Late in 2003, the Original Properties were expanded by staking additional claims and, in addition, the Island Mountain project was further expanded by entering several minor lease or lease and option to purchase agreements (collectively the "Lease Agreements") covering both staked claims and patented lands held by certain third parties within the project outer boundaries.

Also, late in 2003 the Company staked the fourth project, Dorsey Creek, located 3 kilometres Southwest of the Big Springs Project. The total land holdings of the Company at that time totalled 477 staked claims held by the Company and four staked claims and four small parcels of patented land held under the Lease Agreements. The total land package controlled by the Company then covered about 10,180 acres (4,120 hectares).

On March 3, 2004, the Company raised net proceeds of \$9,517,329 pursuant to a private placement transaction, of which the Company expended approximately one half for drilling and assaying work on its Original Properties and Dorsey Creek.

On May 17, 2004, the Company announced a \$6,000,000 exploration and drilling program on its Original Properties and Dorsey Creek. The objectives of this program were to establish a geological resource on the Big Springs and Island Mountain projects and to test addition exploration targets at Dorsey Creek and elsewhere. Following this financing, shares of the Company were listed on the Toronto Stock Exchange (the "TSX") on June 28, 2004 under the trading symbol GTQ.

During 2004, the Company carried out its program of exploration and extensive reverse circulation and diamond core drilling and further expanded the project area by staking additional claims in the area of the Original Properties to cover the Jack Creek and Mac Ridge areas. The total area covered by the projects following this expansion is approximately 16,800 acres (6,800 ha.). Additional exploration work including drilling is planned to commence in the late spring of 2005. Completion of a preliminary resource estimate for Big Springs is expected in early May 2005.

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS

General

The Company is active in the business of exploration for gold in the State of Nevada. No commercially exploitable mineral deposit has yet been identified and there are significant risks associated with the Company's business. The majority of the Company's exploration and development activities to date have been focused on the Big Springs project in order to advance it to the definitive feasibility stage. During the three most recently completed fiscal years, the Company has expended \$10,077,282 on exploration activities, including \$5,939,840 on the Big Springs project, \$2,132,245 on Island Mountain, \$1,088,257 on Dorsey Creek, \$666,832 on Golden Dome and \$250,108 on the Jack Creek and Mac Ridge claims.

Risk Factors

The following risk factors apply to the business of the Company:

Foreign Country and Political Risk

All of the Company's property interests are located in Nevada, USA and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic issues country which may result in the impairment or loss of mineral concessions or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine safety.

Exploration and Mining Risks

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties have established mineral resources or proven or probable reserves and the proposed programs are an exploratory search for mineral resources. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has relied and may continue to rely, upon consultants and others for operating expertise. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Depending on the price of gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Environmental and other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The current exploration activities of the Company, including any development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for exploration, construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project that the Company may undertake. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Limited Experience with Development-Stage Mining Operations

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Estimates of Mineral Reserves and Resources and Production Risks

No mineral reserve or resource estimates have been prepared at this time and none are included in this Annual Information Form. No assurance can be given that any particular level of recovery of minerals will in fact be realized or that any reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Any estimated reserves and resources that may be developed in the future should not be interpreted as assurances of mine life or of the profitability of future operations.

Mineral Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist for the sale of same. There can be no assurance that mineral prices will be such that the Company's Principal Properties will be amenable to commercial development or ultimately mined at a profit. Factors beyond the control of the Company affect the marketability of any minerals discovered. Metal prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. In particular, the supply of and demand for gold are affected by, among other factors, political events, economic conditions and production costs in major gold producing regions, and governmental or central bank policies with respect to gold holdings.

Uninsured Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Competition

The Company will compete with many international companies that have substantially greater financial and technical resources than it for the acquisition of mineral concessions as well as for the recruitment and retention of qualified employees.

Share Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the per share price of the common shares of the Company fluctuated from a high of \$2.80 to a low of \$1.21 within the 12-month period preceding the date of this Annual Information Form. There can be no assurance that continual fluctuations in price will not occur.

Title Matters

The acquisition of title to mineral concessions in Nevada, USA is a detailed and time consuming process. Title to and the area of mining concessions may be disputed. While the Company has diligently investigated title to all mineral concessions and, to the best of its knowledge, title to all properties is in good standing, this should not be construed as a guarantee of title. Title to the properties may be affected by undisclosed and undetected defects.

Currency Fluctuations

The Company's operations in the United States of America make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Dependence On Key Management

The Company's development to date has largely depended and in the future will continue to depend on the efforts of key management. Loss of any of these people could have a material adverse effect on the Company and its business. In this sense the Company has been, and continues to be, particularly reliant on Michael D. McInnis, P. Eng., the Company's Chief Executive Officer and a director. Should Mr. McInnis' involvement with the Company be curtailed for any reason in the foreseeable future, such curtailment could have a significant adverse material impact on the Company and, therefore, the price of its shares.

Mineral Projects

Detailed information regarding the Company's properties in Nevada is contained in the 2002 Report and the 2004 Report. In addition, results from the 2004 drilling programs on four of the properties have been reported regularly in news releases, all of which are available for viewing under the Company's profile at www.sedar.com

Project Description & Location

The Principal Properties make up six separate project areas, of which four are contiguous claim blocks, one is nearly contiguous with the first four, and the last is a completely separate property made up of staked claims and patented packages. The first five properties are located in the northern Independence Mountains while the sixth is in the Island Mountain district. All the properties are in Elko County, Nevada, about 100 kilometres north of Elko, near the small community of Wild Horse.

The four contiguous projects are Big Springs, Mac Ridge, Dorsey Creek and Golden Dome. The nearby Jack Creek property is immediately south of Dorsey Creek. The Island Mountain project lies some 30 kilometres to the north-east of Big Springs. The numbers of claims and approximate areas of the properties are as follows:

Project	Number	Area (ha)	Notes
Big Springs	145	1195	Part of option from GSI
Mac Ridge	32	268	Part of option from GSI
Dorsey Creek	98	819	Part of option from GSI
Dorsey Creek	5	42	Wholly owned by Gateway USA
Golden Dome	167	1396	Part of option from Genesis
Jack Creek	300	2508	Wholly owned by Gateway USA
Island Mountain	53	443	Part of option from Genesis
Island Mountain	4	33	Lease and option to purchase from AU Properties, LLC.
Island Mountain	patent	50.17	Lease and option to purchase from EAF Resources.
Island Mountain	patent	15.02	Lease from Donna McGregor
Island Mountain	patent	22.67	Lease and option to purchase from Philip Heater, et al.
Island Mountain	patent	6.02	Lease and option to purchase from Century Gold, LLC.

The Company, through its subsidiary Gateway USA holds a 100 percent interest in all the properties, subject only to certain share issuances with regard to some of the claims, to underlying Net Smelter Return ("NSR") royalty interests on these claims, and to special lease or lease and option to purchase arrangements on certain claims and patents at Island Mountain. All the properties are wholly within the Humboldt-Toiyabe National Forest; surface rights, except in the case of the patented lands at Island Mountain, are administered by the United States Forest Service ("USFS"). In more detail:

- 1) In the case of the Big Springs project, the claims are held under the terms of an agreement with GSI, a private Utah company controlled by Donald L. Merrick.
- 2) The Mac Ridge project is within the area of interest of the original Big Springs Purchase Agreement and is subject to the same terms.
- 3) Almost all of the Dorsey Creek project is also within the area of interest of the original Purchase Agreement.

- 4) The westernmost five claims at Dorsey Creek are outside the area of interest of the Purchase Agreement and are 100 percent owned by Gateway USA.
- 5) The Golden Dome project claims are held under the terms of an agreement with Genesis, a private Utah company controlled by Donald L. Merrick and John E. Zimmerman.
- 6) The Jack Creek claims are owned 100 percent by Gateway USA.
- 7) Title to the Island Mountain property is complex. A total of 53 staked claims are held under the terms of an agreement with Genesis. Four staked claims, and several small parcels of patented lands, are held under the terms of various lease and lease to purchase agreements. Details of these third party agreements are:
 - a) The four (4) staked **LKY** claims are held under the terms of a "Mining Lease and Option to Purchase" agreement between Gateway USA and AU Properties LLC (as to 90%), and Dennis Tate and Kelley Tate (as to 10%);
 - b) The **Penrod 1 to Penrod 6** inclusive patented claims (Patent # 942235) are held under the terms of a "Mining Lease and Option to Purchase" agreement between Gateway USA and EAF Resources;
 - c) The **Old Maid, Little Maid and Davenport** patented claims (Patent # 34094) are held under the terms of a "Mining Lease" agreement between Gateway USA and Donna McGregor;
 - d) The **Last Chance, Alert, Middleton and Mathey** patented claims (Patent # 43524) are held under the terms of a "Mining Lease and Option to Purchase" agreement between Gateway USA and (collectively) Philip Heater and Velma Heater and William Scott McDonald and Pamela Ann McDonald; and
 - e) The **Eimis** patented claim (Patent # 43524) is held under the terms of a "Mining Lease and Option to Purchase" agreement between Gateway USA and Century Gold LLC.

All the staked claims are in good standing until 31 August 2005, at which time Bureau of Land Management ("BLM") and Elko County fees totalling \$US 133.50 per claim are due and payable.

The situation with regard to current payments due in respect of lease and lease and option to purchase agreements for the small parcels at Island Mountain is more complex, as tabulated below:

Parcel	Patent	Due Date	SUS	Payee(s)
4 LKY claims		18 Sep 2005	3,967.50	AU Properties, LLC., et al.
Penrod 1 to Penrod 6 incl.	942235	08 Oct. 2005	4,628.75	EAF Resources.
Old Maid, Little Maid,				
Davenport	34094	13 Feb. 2006	4,628.75	Donna McGregor.
Last Chance, Alert,				
Middleton, Mathey	43524	19 Sep. 2005	6,348.00	Philip Heater, et al.
Eimis	43524	27 Oct. 2005	2,645.00	Century Gold, LLC.

There are royalty agreements in respect of several of the claim groups. In more detail:

- 1) In the case of the Big Springs project, the claims are held subject to a two (2) percent NSR on production payable to GSI. There is provision for an advance royalty of \$50,000 per year payable to GSI commencing 23 December 2009, which would be recoupable out of future NSR payments. This advance royalty is tied to the Purchase Agreement and would apply, and be limited to \$50,000 per year, as long as any claims held under that agreement were retained, either at Big Springs, at Mac Ridge, or at that portion of Dorsey Creek lying within the area of interest of the agreement. There are no underlying royalties or back-in rights.
- 2) Terms for the Mac Ridge claims are similar to those for the Big Springs block. See the note above regarding the advance royalty provision.
- 3) Those of the Dorsey Creek claims lying within the area of interest of the original Big Springs agreement with GSI have similar terms to those at Big Springs. See the note above regarding the advance royalty provision.
- 4) The westernmost five claims at Dorsey Creek have no underlying royalty interest.
- 5) On the Golden Dome property there is an underlying two (2) percent NSR in favour of the BHP Billiton Group ("BHP Billiton") on 46 of the claims, under the terms of an agreement originally signed between BHP Minerals International Exploration Inc. ("BHP") and John Zimmerman and Don Merrick, dated 28 May 1998. On the remaining 121 claims, there is a two (2) percent NSR payable to Genesis; on the 46 claims subject to the BHP royalty, the Genesis NSR is reduced to one (1) percent. There is provision for an advance royalty of \$50,000 per year payable to Genesis commencing 23 December 2009, which would be recoupable out of future NSR payments. This advance royalty is tied to the Genesis Agreement and would apply, and be limited to \$50,000 per year, as long as any claims held under that agreement were retained, either at Golden Dome or at Island Mountain.
- 6) There are no underlying royalty interests on any of the 300 Jack Creek claims.
- 7) On the Island Mountain property there is an underlying two (2) percent NSR in favour of BHP Billiton on 17 of the claims, under the terms of an agreement originally signed between BHP and John Zimmerman and Don Merrick, dated 28 May 1998. On the remaining 7 claims, there is a two (2) percent NSR payable to Genesis; on the 17 claims subject to the BHP royalty, the Genesis NSR is reduced to one (1) percent. See the note above in the Golden Dome section above regarding the advance royalty provision. Details of the royalty provisions in other third party agreements at Island Mountain are:
 - a) For the four (4) staked **LKY** claims, the agreement provides for an NSR ranging from one (1) to three (3) percent depending on the "average quarterly gold price" (NSR = 1% if the price is <\$US 320, 2% if the price is \$US 320 to \$US 350, or 3% if the price is >\$US 350), and 1.5 percent on base metals, with the right to purchase the NSR for \$US 1,000,000;
 - b) For the six (6) patented **Penrod** claims, the agreement provides for an NSR of either one (1) or two (2) percent depending on whether the "average quarterly gold price" is above or below \$US 350, with the right to purchase the NSR for US\$ 250,000;
 - c) For the **Old Maid, Little Maid and Davenport** patented claims, the agreement provides for an NSR ranging from one (1) to three (3) percent depending on the "average quarterly gold price" (NSR = 1% if the price is <\$US 320, 2% if the price is \$US 320 to \$US 350, or 3% if the price is >\$US 350), with no right to purchase the NSR;
 - d) For the **Last Chance, Alert, Middleton and Mathey** patented claims, the agreement has no provision for an NSR; and

- e) For the *Eimis* patented claim, the agreement has no provision for an NSR.

Under the terms of the Purchase Agreement, the Company is required to issue 200,000 of its shares (100,000 to each of Genesis and GSI) on 17 June in each of 2005, 2006 and 2007, as long as the Purchase Agreement remains in good standing. A total of 400,000 shares have already been issued. A cash payment of \$10,000 was made on signing the agreement. The Company is obligated to spend a minimum of \$70,000 in exploration expenditures on property covered in the Purchase Agreement, for each year up to and including 2007. A maximum of \$35,000 in over-expenditures in any given year can be carried forward to a succeeding year or years.

In the case of the third party agreements at Island Mountain, there are various purchase options, as follows:

- a) For the four (4) staked *LKY* claims, the agreement provides the right to purchase "... all of Owner's right, title and interest in the Property, subject to the Royalty reserved by the Owner.", for \$US 200,000;
- b) For the six (6) patented *Penrod* claims, the agreement provides the right to purchase "... all of Owner's right, title and interest in the Property, subject to the Royalty reserved by the Owner.", for \$US 350,000;
- c) For the *Old Maid, Little Maid and Davenport* patented claims, the agreement has no provision for purchase, and is purely a lease agreement;
- d) For the *Last Chance, Alert, Middleton and Mathey* patented claims, the agreement provides the right to purchase "... all of Owner's right, title and interest in the Property.", for \$US 500,000; and
- e) For the *Eimis* patented claim, the agreement provides the right to purchase "... all of Owner's right, title and interest in the Property.", for \$US 100,000.

There are no obligations to perform exploration or development work on any of the staked or patented packages at Island Mountain held under the terms of lease or lease and option to purchase agreements.

The Company recently bought from AngloGold USA Inc. ("AngloGold") an extensive database containing voluminous records of the work of AngloGold's predecessors in the region. Consideration for this purchase was 60,000 of the issued shares of the Company on signing, with a further 120,000 shares due on commencement of commercial production. Analysis of this extensive database has just begun and will take several months to complete.

There are no outstanding environmental liabilities with regard to previous work on any of the properties. All liabilities in respect of decommissioning of the open pit mines at Big Springs are the responsibility of AngloGold, the successor to the mine operating company. Present work is undertaken under the terms of various drilling permits, for which reclamation bonds are posted as required.

There are a large number of apparently separate mineralized zones on the Big Springs property, at least two known zones at Mac Ridge, at least two areas of known mineralization on each of Dorsey Creek and Jack Creek, and a large number of separate zones at Island Mountain. Golden Dome has a conceptual target but no known gold mineralized zone at present. There are at present no quantified mineral resources on any of the properties.

There are several abandoned and in some cases reclaimed open pits at Big Springs, and one on the Mac Ridge property. The other properties have only very minimal disturbances. In the case of Island Mountain, there are numerous small prospect pits and abandoned adits attesting to earlier phases of activity. There are no tailing ponds on any of the properties. Waste rock dumps at Big Springs have in most cases been contoured and in some cases re-vegetated.

Permitting is not necessary for the initial stages of exploration such as geological, geochemical and geophysical surveys. For drilling programs, specific sites are permitted at the beginning of the field season by application for Categorical Exemptions ("CE's"). Sometimes this process stretches to later in the year, but in that case permitted sites are available for drilling in successive years. In the case of Big Springs and Mac Ridge, the Company is in the process of applying for a Environmental Assessment ("EA"). When approved, the EA will allow for several years drilling work on the property, on several hundred permitted drill sites.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the subject properties is by paved highway (State Highway 225) north about 100 kilometres from Elko, and thence by secondary ranch and forest access roads. This road access is adequate for presently projected surface activities but local on-property improvements and additions will be required in some target areas when work advances to the drilling stage in these locations.

In Elko County, summers are short and hot, with some moderation at higher elevations, and winters are long and cold. Precipitation is moderate, with more in the higher mountains – the area could be described as semi-arid. Snowfall can be heavy in the mountains, and in some years drifts remain on high ridges until late summer. Climatic conditions are not so extreme as to seriously hinder year-round mining operations, especially if the mines are underground operations (witness the nearby Jerritt Canyon operations). In general, exploration is most reasonably undertaken between early June and late November but the season can be extended if necessary.

The principal population centre in the region is Elko, about 100 kilometres to the south. Elko is a mining city, and all necessary facilities are available there. In the general area of the properties, the only facilities available are at the tiny settlement of Wild Horse, where there are rooms for rent, and a tavern and restaurant. Gasoline is available, at a price substantially higher than in Elko. The Company has negotiated a lease on a well-found ranch facility, with dwelling houses and several out-buildings, to use as an exploration base. The ranch is at the eastern edge of the Independence Range, on the access road to the Big Springs and Dorsey Creek properties.

Water is in relatively short supply, as is common in the high desert region of western North America. However, there is sufficient for drilling programs from a well on the leased ranch property. This meant that water had to be trucked for drilling; subsequently, a permitted water well was drilled at Island Mountain, and permission was obtained to use water from a lake in one of the abandoned pits at Big Springs. There are no apparent serious impediments to exploration in the form of surface rights alienation, but this would require careful checking before any development work was contemplated. According to BLM maps, the properties cover National Forest lands, part of the Humboldt-Toiyabe National Forest. At present, grid electrical power is not available on any of the properties, although it is near to all six. It is not anticipated that there would be any serious physical problem securing adequate sites for processing facilities, waste storage areas, heap leach pads or tailing ponds. Given that Nevada is a major mining area, there should be no problem attracting skilled labour.

The area includes summer grazing leases for cattle from local ranches. There is reasonable road access to much of the area of the properties. Most of these roads are officially designated as forest access roads, meaning that there are few restrictions on their usage; in some cases the roads are an Elko County responsibility. It is imperative to respect ranchers' rights, keeping gates closed where requested to do so, and maintaining the integrity of fences.

The general terrain in the region of the subject properties is mountainous, with rounded hills or steep mountains separated by wide valleys filled with pediment gravel. Regional elevations range from lows of 1,886 metres at the Wild Horse Reservoir, about 1,900 metres in the valley of the Humboldt River and

about 1,975 metres in the valley of Jack Creek, to maximums of about 2,150 metres in the Island Mountain area and as high as 3,182 metres at McAfee Peak in the Independence Mountains. The Island Mountain property has relatively subdued terrain, with local relief of about 200 metres; the other properties are more extreme, with steeper hills and local relief of as much as 500 to 800 metres.

Vegetation on the properties ranges from grass and sagebrush covered hills at Island Mountain and on the lower slopes on the other properties to local areas of forest cover (both conifers and locally trembling aspen or cottonwoods) in stream valleys and at the higher elevations.

History

The history of the Principal Properties is somewhat complex, especially in the case of Island Mountain. Before detailing the Principal Properties' history, it is instructive to consider the overall history of the district, at least in a cursory fashion.

Essentially all the early activity in the region was in the Island Mountain district, close to the present project of this name. Work in areas to the south was much more recent. For the Island Mountain district, published information states that the first discoveries were made in 1864. These discoveries were of silver-copper-antimony bearing quartz veins, which were not immediately exploited. However, placer gold was discovered and caused a minor rush to the area in 1870. The Island Mountain district was organised in 1873 to include placer deposits along Gold Creek and its tributaries, Hammond and Coleman creeks, both of which are located in part on the present Island Mountain project. Official reports suggest that between 1873 and 1901 about 40,000 troy ounces of placer gold were recovered in the general region. Most of this was recovered through the efforts of railway workers of Chinese origin. Placer gold recovery continued sporadically through much of the twentieth century, although in only minor amounts in the second half of the century. There has been some small production of antimony and of a very little tungsten in the district. Somewhat later, in the 1950's, there was production of silver and base metals, with lesser amounts of gold, from two small vein mines.

Further to the south, in the northern part of the Independence Mountains, activity did not begin until much later than in the Island Mountain district to the north. Again, published records show that the first activity involved production of antimony from the Burns Basin mine, starting in 1918 and again in 1945. In the 1960's, the area became active for barite exploration, and several deposits were discovered and developed. Several companies started to look for gold in this region in the 1970's. FMC Corporation ("FMC") started their work looking for antimony, but rapidly came to the conclusion that gold was a more attractive target. In 1976, FMC formed a joint venture with Freeport Exploration Company ("Freeport") to explore and subsequently develop the Jerritt Canyon deposits, which are still in production and to date have produced in excess of seven million troy ounces of gold. While early production from Jerritt Canyon involved open pit mining and either heap leaching or milling of low-grade ores, current mining by the new owner and operator Queenstake Resources Ltd. ("Queenstake") is almost exclusively exploiting higher grade ore from several underground mines.

More particular historical summaries of activity on the Principal Properties are provided below, based on information from various published and unpublished sources. Work has just begun on evaluating the voluminous records contained in the database recently bought from AngloGold and merging this information with the results of the Company's recent work.

1) Big Springs:

The Big Springs area was initially explored by Superior Oil – Falconbridge ("Superior") in the 1970's, and the ground was subsequently acquired by Bull Run Gold Mines Ltd. ("Bull Run") in 1980. After signing a joint venture agreement with Bull Run in 1982, Freeport started drilling that year and in relatively short order had delineated three ore bodies. Production began in 1987 from the Mac Ridge pit, and several other pits followed until the mine was finally closed in 1993. Total gold production was of

the order of 386,000 troy ounces (recovered). Some of the near-surface material was treated by the heap leach method, but much of the gold was contained in refractory, sulphide-rich material that was milled, with the dry-ground whole ore subjected to a pre-oxidizing roast before treatment in a carbon in leach facility. Following mine closure the pits and waste dumps were reclaimed to meet current environmental regulations. Seven separate and distinct mineralized bodies were delineated, of which six were mined by open pit methods and a seventh (the "601") was reportedly pre-stripped but not mined before closure. In this period, Freeport became Freeport McMoRan Gold Company ("Freeport McMoRan"); the operating subsidiary of the joint venture was known as Independence Mining Company Inc. ("Independence").

There are no published resource/reserve figures available for the 601 zone. The decision not to mine the body was reportedly part of an overall corporate decision to close the mine, probably driven by events elsewhere in the region. Details of prior exploration programs have only recently become available as part of the AngloGold database, allowing the Company to verify anecdotal references to gold-bearing drill intercepts at depth beneath existing pits.

2) Mac Ridge:

As noted above, the first production in the Big Springs district was from a small pit located on what is now part of the Mac Ridge project area. Drilling nearby is reported to have encountered significant gold mineralization, but no mineable bodies have been outlined to date.

3) Dorsey Creek:

Data respecting work in the Dorsey Creek project area prior to the staking of the ground for Gateway are fragmentary and for the most part anecdotal. The presence of reclaimed drill roads, and observation of a few abandoned sites, indicates that previous operators did some drilling in the area. Published mapping showed the area to be underlain by rocks similar to those at Big Springs, including a large zone of silicified "Overlap Assemblage" rocks. Independence drilled several holes on what is now the Dorsey Creek property, and are reported to have obtained several significant gold intercepts. A full evaluation of the data from this work is presently underway.

4) Golden Dome:

There is little information available regarding the history of exploration on the Golden Dome project. According to Genesis, several companies conducted limited drilling campaigns in the general region of the project, although none of these appear to have been in the area of present interest. BHP located lode claims following a stream sediment survey in the general region. They did little on the project beyond a small amount of mapping and interpretation. MK Gold Corp. ("MK") later examined the project and did a small amount of work on the claims but did not proceed beyond this. Immediately to the north of the Golden Dome project, on the north-east flank of McAfee Peak, early work on the Sage Hen antimony prospect disclosed the presence of stibnite and barite in quartz veins, but no serious work ensued. Both the BHP and MK surveys resulted in location of several outcrops with anomalous indicator metal values, generally along the trace of interpreted structures. Additional data may in time be found in the recently purchased AngloGold database.

5) Jack Creek:

Information regarding the early phases of work on what is now the Jack Creek property is contained in the AngloGold database and is presently being compiled. Preliminary examination of the data suggests that previous operators located several area of interest, using surface geochemistry and mapping; several reverse circulation holes were drilled, but apparently there were few significantly mineralized intercepts.

6) Island Mountain:

This project has had a long and complex history of exploration, even in the modern era. The following summary is based on information supplied by Genesis. The project was initially looked at as a Carlin-

style target by Cordex Exploration Company ("Cordex") in 1982. Westmont Gold Inc. ("Westmont"), Kennecott Exploration ("Kennecott") and BHP explored all or parts of the present project area, and between them drilled at least 96 holes in the general project area, in addition to completing a considerable amount of geological, geochemical and geophysical work. Aur Resources Inc. ("Aur") also held part of the ground, did extensive trenching and other preparatory work, and subsequently drilled about 60 holes, many of which were located on the present claim group.

These exploration programs resulted in numerous indications of gold mineralization, including many reportedly significant gold-bearing intercepts. Early data are somewhat fragmentary, and in many cases, are of questionable reliability. There are few formal reports available at this time, and indeed in many cases such as for the BHP work, final reports were never completed.

Geological Setting

The overall geological setting of north-eastern Nevada was summarised succinctly in a paper by Odin D. Christensen ("Carlin Trend Geologic Overview"), published in 1993 by the Society of Economic Geologists in a Guidebook entitled Gold Deposits of the Carlin Trend, Nevada. Relevant portions of this paper are presented verbatim as follows:

"During the Early Paleozoic, the area that is now eastern Nevada lay along the western margin of the North American Precambrian cratonic boundary, as defined by both stratigraphic and isotopic studies. A westward-thickening and deepening wedge of sedimentary units was deposited across the shelf and slope. Rock units grade westward from eastern-facies miogeoclinal continental shelf carbonates to western-facies eugeoclinal fine-grained siliceous clastic and cherty units. Restricted basins developed along the shelf, disrupting the regularity of this setting and resulting in important district-scale stratigraphic variability. Tectonic activity associated with the Late Devonian to Early Mississippian Antler Orogeny resulted in large-scale thrusting of eugeoclinal siliceous rocks eastward over time-equivalent or younger transitional and miogeoclinal carbonate rocks along the Roberts Mountains thrust fault system. The leading edge of the overriding thrust plate formed the emergent Antler highland, from which coarse siliceous clastic sediment eroded from the upper-plate was shed eastward into the adjacent foreland basin. Cambrian through Devonian rocks of both eastern and western facies are overlain by Mississippian rocks of this overlap assemblage. Mississippian rocks are locally overlain with angular discordance by carbonate and clastic rocks of Pennsylvanian and Permian age. Local terminology refers to the three major tectonostratigraphic sequences as the eastern or carbonate autochthonous assemblage, the western or siliceous allochthonous assemblage, and the coarser clastic flysch or overlap assemblage."

It is important to note that the above description refers primarily to the Carlin district, but the setting in the area of the subject projects is very similar. Here the tectono-stratigraphic units are also referred to as the lower plate rocks, the upper plate rocks, and, in the case of the Big Springs, Dorsey Creek and Jack Creek areas the Overlap Assemblage and Schoonover Sequence. There are minor differences in stratigraphy as compared with the Carlin area, but the overall pattern is similar.

Christensen further detailed structural activity that has resulted in local folding and subsequent erosion exposing lower plate strata in so-called "windows" through the Roberts Mountains thrust fault. He also documented the existence of intrusive rocks of several ages (Jurassic, Cretaceous, and Eocene and younger). A Jurassic pluton is exposed at the Island Mountain project, and intrusive dykes and sills thought to be Jurassic were encountered during mining at Big Springs, and in surface exploration at Dorsey Creek and Jack Creek. At Jerritt Canyon, south of the subject projects, intrusive rocks of presumed Cretaceous and Tertiary age have been documented.

With respect to the occurrence of gold in the Carlin area, Christensen wrote:

"Carlin trend gold is hosted in Lower Paleozoic sedimentary rocks of all three tectonostratigraphic assemblages. The largest deposits occur primarily within silty carbonate rocks spanning several hundreds

of feet below the contact with overlying siliceous rocks. Lithologies of transitional character, silty carbonate or calcareous siltstone, are frequently the best ore hosts."

Although the details of the stratigraphy at Jerritt Canyon and on the subject projects are somewhat different than in the Carlin area, the observation is that where gold is present, it is generally found within units rich in carbonate, or in altered intrusive rocks. Such rocks may occur in any of the three major packages described above.

Structural control of ore has been well documented in the Carlin area, at Jerritt Canyon, and at Big Springs. Although the picture is less well developed at present on the Island Mountain, Dorsey Creek, Jack Creek or Golden Dome projects, there is good evidence to suggest that structural controls will be found to be important in these areas as well. Study of such structural controls on the subject projects is at an early stage and much work remains to be done.

Capsule summaries of property scale geology and mineral deposits follow:

1) Big Springs:

The Big Springs deposits are Carlin-type sediment-hosted gold deposits in Mississippian-Pennsylvanian sediments of the Schoonover Formation and Overlap Assemblage. The ore occurs primarily in steeply dipping fault structures, particularly where the major fault structures are intersected by secondary cross-faults. The ore bodies averaged approximately 50 feet in thickness and exhibited more structural than lithological control. Drilling by Freeport reportedly established that the ore-controlling structures continue for an unknown but significant distance below pit bottoms.

2) Mac Ridge:

The geology at Mac Ridge, although not as well understood as that at Big Springs, appears to be similar. On the eastern edge of the property, outcrops of possible Lower Plate rocks have been mapped, and there is a possibility of a Lower Plate target being developed on these claims.

3) Dorsey Creek:

Published geological mapping, confirmed by the 2003 and 2004 Gateway work, showed that favorable stratigraphic units including a gabbroic intrusive sill complex underlie the property. Both Schoonover and Overlap strata are represented. An extensive area of silicification ("jasperoid") locally contains anomalous amounts of Carlin indicator elements. Two major through-going east-west normal fault systems transect the property and are interpreted as potential fluid flow conduits. A large dyke of silicified rhyolite with abundant pyrite and elevated gold values has been encountered in drilling on the eastern portion of the property.

4) Golden Dome:

The target area on the Golden Dome property is within a topographic basin that is covered by a veneer of glacial till. To the west of the basin, the lowermost units of the Upper Plate of the Roberts Mountain Thrust crop out on mountain ridges. This relationship suggests that the prospective Lower Plate stratigraphy should lie immediately east of these outcrops under the till-covered basin within the core of a plunging anticline.

Several wide, altered structural zones project into the till-covered basin from the north. These structures contain highly anomalous Carlin-type indicator metals with arsenic values up to 4,000 ppm and antimony values up to 7,000 ppm. The target area lies at the projected intersection of these structural zones with the favourable Lower Plate carbonate rocks in the core of the anticline.

5) Jack Creek:

Published geological mapping, confirmed by recent Gateway work, shows that prospective stratigraphic units similar to those found at Dorsey Creek, as well as favorable intrusive rocks, underlie parts of the Jack Creek property. Areas of silicification ("jasperoid") are widespread. Numerous major fault systems have been mapped; others can be inferred on the basis of topography and remote sensing data.

6) Island Mountain:

Paleozoic sedimentary rocks comprising limestone, shale, argillite and siltstone underlie the Island Mountain property. These rocks form a homoclinal sequence dipping moderately to the west. On the eastern side of the claim block a small intrusive stock has intruded the sedimentary country rocks. Numerous thin dykes and sills have invaded the sedimentary rocks. Alteration of the sediments consists of jasperoidal silica, bleaching and local decalcification. Skarn and hornfels are developed at the contact between the intrusive stock and sediments.

Past drilling has intersected numerous widespread significant gold intervals. Controls of the mineralization are not well understood but high angle structures trending east north-easterly appear to influence the distribution of the mineralization. Geochemical soil and rock sampling has established a number of large, anomalous zones within which most of the gold-bearing drill holes are located. Significant portions of these anomalous zones are untested by drilling and offer the opportunity of hosting a number of gold deposits.

Exploration

The bulk of the work on the Company's properties in 2004 was made up of diamond core and reverse circulation drilling, as detailed in a subsequent section. Other work on the properties included:

- Detailed geological mapping in the existing open pits at Big Springs, to help with geological modelling. This work was the responsibility of several contract consulting geologists retained by the Company.
- Surface geological mapping and rock sampling on the Mac Ridge and Jack Creek properties, by contract consulting geologists.
- Grid soil geochemical surveys on the Big Springs, Mac Ridge, Dorsey Creek and Jack Creek properties, with sample collection by contract employees.
- Detailed deep-penetration induced polarization ("I.P.") surveys at Dorsey Creek, Golden Dome and Island Mountain. These surveys were completed by a contractor – Quantec Consulting, Inc. ("Quantec") based in Reno, Nevada.
- A detailed ground magnetic survey at Dorsey Creek, performed by Quantec.
- An aerial survey and preparation of a detailed ortho-photograph and topographic base map for the Big Springs property. This work was performed under contract by MapMart & IntraSearch Inc. of Englewood, Colorado.

The results of all these surveys have been valuable in geological modelling and in planning for subsequent work. Several of the geophysical anomalies were targeted for drilling in 2004 and 2005 and others will be the subject of on-going drill programs.

Finally, a rough summary of the apparent contents of the AngloGold database, presently being sorted and examined, is as follows:

- Drilling data (logs and original assay reports for 2,088 holes, mostly RC but some core. Many of these represent material since mined, but the data will be very useful for geological modelling;
- Of these holes, about 1600 are (or were pre-mining) in the main area of mining activity at Big Springs;
- Other holes were drilled at: Dorsey Creek; at Beadles Creek and Headwall Cirque on the Big Springs property; at Mac Ridge and at Jack Creek;
- In total, there are data for about 753,000 feet of drilling or about 150,600 gold assays. This information is being verified and merged with recently generated assay information;
- Preliminary indications are that the data represent at least 16 separate area of gold mineralization at Big Springs;

There is a wealth of other information in the form of internal reports, memoranda, etc. that must be examined and that will allow building of geologic models and facilitate the planning of subsequent programs. Given that these data were obtained by a major mining company during their operation of a mining and processing facility on one of the properties, the Company considers them to be reliable for current purposes. Confirmatory drilling and sampling will be necessary as the projects advance.

Mineralization

Significant gold-bearing material is known to exist on five of the six projects. On the sixth, widespread occurrences of indicator elements and samples with anomalous gold contents taken from major structures or widespread alteration zones suggest potential for significant concentrations of gold at depth. In more detail:

1) Big Springs:

Gold at Big Springs is found primarily as very fine inclusions in arsenical pyrite and pyrite or in goethite. Some is also encapsulated in silica. Other minerals present include marcasite, arsenopyrite, sphalerite, chalcopyrite and stibnite, and other less common species.

The mineralized units are dominantly bioturbated siltstone or altered volcanic and intrusive rocks. Locally, better grades of gold are concentrated in fault zones and especially at the intersections of faults or of faults with favourable stratigraphic units; sulphide contents in such zones may range as high as 15 percent.

2) Mac Ridge:

There is little known about the nature of the mineralization at Mac Ridge. Preliminary information suggests that the material is much like that at Big Springs, possibly with more tendency to silicification.

3) Dorsey Creek:

There is very little information regarding mineralogy on the Dorsey Creek project. Work by Stanley Keith and Monte Swan for the Company during 2003 noted the presence of abundant goethite/limonite after sulphides, rare pyrite, local massive hematite, and occurrences of quartz-barite veins with stibnite and secondary antimony minerals.

Recent drilling at Dorsey Creek has encountered silicified felsic intrusive rocks with abundant pyrite and with elevated gold values. Specific antimony or arsenic minerals have not been positively identified.

4) Golden Dome:

Evidence of mineralization at Golden Dome is restricted to major through-going steep structures cutting upper plate and Overlap Assemblage strata. The best exposed of these, on the high ground

towards the north end of the project, is a wide zone (30 metres plus) of rusty, faulted quartzite locally highly anomalous in arsenic, antimony and mercury. Nodules of coarse barite are common, and silicified quartzite contains coarse rosettes of secondary antimony oxides pseudomorphous after stibnite. Similar rosettes have been observed at Dorsey Creek. Judging by the amount of limonite present, the structure is probably sulphide-rich (pyritic?) below the weathered zone.

5) Jack Creek:

There is very little surface evidence of gold mineralization on the Jack Creek property. Several areas show some signs of alteration, most obviously silicification and quartz veining, and there are local areas with strong limonitic staining, most likely after pyrite. Selected rock samples are anomalous in several of the common indicator elements i.e. arsenic, antimony, thallium, selenium and cadmium.

6) Island Mountain:

There are several styles of mineralization at Island Mountain. Much of the early prospecting work tested quartz veins in the intrusive rocks; these veins locally contain galena, chalcopyrite, sphalerite, tetrahedrite or tennantite, and arsenopyrite. They also have elevated silver, bismuth and gold values. Veins of this type were probably the source of placer gold in the creeks draining the high central area of the project. There are also reported antimony occurrences, especially to the north of the present project.

Of more immediate interest are numerous occurrences of altered carbonate rocks with abundant goethite or limonite, probably derived from pyrite or arsenopyrite or both, and carrying elevated gold. There are several areas of intense silicification or "jasperoid" but in many cases these do not appear to be gold-bearing.

Drilling

During the 2004 field season, the Company undertook substantial drilling campaigns on the Big Springs and Island Mountain properties, with smaller programs at Dorsey Creek and Golden Dome, as shown on the following table:

Project	Drill Type	No. of Holes	Feet	Metres
Big Springs	Diamond coring	108	55,920.0	17,044.4
Big Springs	Reverse circulation	11	2,884.0	879.0
Island Mountain	Diamond coring	11	5,913.5	1,802.4
Island Mountain	Reverse circulation	53	21,184.0	6,456.9
Dorsey Creek	Diamond coring	6	10,059.5	3,066.1
Golden Dome	Reverse circulation	4	3,172.0	966.8

The core drilling and a small portion of the reverse circulation drilling were performed under contract by Dynatec Drilling Inc., based in Salt Lake City, Utah. The bulk of the reverse circulation drilling was done under contract by Eklund Drilling Company, Inc., based in Elko, Nevada.

In the case of reverse circulation drilling, the drilling is wet. Samples are collected at the drill stem, using a splitter device, directly into a numbered sample bag for shipment to the laboratory. A small representative sample of coarser chips is collected, washed, logged and archived in a plastic chip tray with a receptacle for each five foot interval. "Rig duplicate" samples are collected at regular intervals.

In the case of diamond drilling, core recovered is HQ size (63.5 millimetres diameter). Core is placed in five foot wooden boxes and transported to the logging facility. There it is photographed, logged for rock quality and for lithologies and evidence of mineralization, and marked for sampling. It is then either split using a mechanical splitter or cut with a diamond saw in intervals where mineralization is suspected. All core is sampled for analysis. After every sixty core samples, a "core duplicate" is collected by sacrificing the second half of the core. Holes are surveyed on completion using an electronic down-hole surveying device. Holes are cemented closed following completion and pulling of casing.

Results of the drilling programs for the last two years have been reported on a regular basis via press releases, which are posted on SEDAR and can be viewed by interested parties. Detailed review of results is underway at present, involving merging of recent results with those of earlier operators as contained in the AngloGold database. These data will be used to prepare detailed geologic models and, in the case of Big Springs, prepare a mineral resource estimate.

Sampling and Analysis

By far the bulk of the sampling on most of the projects to date involves either reverse circulation chips or diamond drill core. The following comments refer to the Company's drilling in 2003 and 2004.

In the case of reverse circulation drilling, samples are routinely taken at five foot intervals; for the most part, unless there is some compelling reason to do otherwise, core is sampled (after logging) at a similar density. In both types of drilling, all material is routinely sampled.

Surface rock samples are collected on an irregular basis by geologists in the course of mapping. Soil samples are collected on grids with various line and sample spacings depending on the local circumstances.

Generally speaking, core recovery in the diamond drilling ranges from good to excellent and there are not thought to be any serious sampling problems. Given that the mineralization consists generally of sub-micron sized gold in fine sulphide mineralization, there is no obvious nugget problem. Based on detailed statistical analysis of assay results from duplicate controls, there is no reason to doubt that the samples taken are representative of the material sampled.

The sampling interval of five feet in the core and reverse circulation drilling was chosen arbitrarily. There is no obvious reason to suspect that this is not sufficiently detailed. In cases where there are obvious geological breaks in the core, the sampling interval may be varied slightly; this is a judgement call by the geologist logging the core.

A comprehensive quality assurance / quality control ("QA/QC") program has been established for the Company's Nevada projects. The program was designed and is overseen by G.R. Peatfield, Ph.D., P.Eng. Appropriate standards (purchased from the Nevada Bureau of Mines and Geology) and blanks are inserted into the assay stream at regular intervals. Rig, reject and pulp duplicate samples are assayed at regular intervals. The results of assaying the controls are monitored by Peatfield on a regular basis.

All samples are prepared by ALS-Chemex Laboratories ("ALS-Chemex") in Elko and assayed at their facilities in Reno or North Vancouver. Assaying for gold is by fire assay/atomic absorption ("FA/AA"), and (in the case of drill samples) for all samples grading in excess of 5 grams gold per tonne, by fire assay

with gravimetric finish. In addition, all samples have a 34 element scan performed using an aqua regia digestion and inductively coupled argon plasma ("ICP")-atomic emission spectroscopy ("AES") finish.

Soil samples are field sieved to minus 20 mesh, then re-sieved in the laboratory to minus 180 microns and sub-samples pulverised to 75 percent minus 75 microns. Analyses were performed by ALS-Chemex. Gold is determined by atomic absorption following aqua regia digestion. In addition, a 47 element suite is analysed by an aggressive four-acid digestion followed by ICP / mass spectrometry ("MS"). Rock samples are analysed in a similar fashion.

Security of Samples

All samples, whether core, percussion chips, soils or rocks are routinely brought to the Company's field operating facility east of the Big Springs property. There they are sorted, and in the case of core split or sawed before bagging. The facility is private and maintained so as to make it secure from outside influences. Once the samples are prepared, shipments are made up and collected by a dedicated truck from the ALS-Chemex preparation facility in Elko.

There is no information available regarding security of samples for work previous to the current investigations. However, essentially all this work was undertaken by major mining companies, and it is not believed that there should be any concerns in this regard.

Mineral Resource and Mineral Reserve Estimates

There are at present no mineral resource or reserve estimates available for any of the subject properties. The various data-bases are presently being verified and merged in preparation for a resource estimate for several mineralized zones on the Big Springs property. The Company anticipates that this estimate will be completed and announced by late April or early May, 2005.

Current Exploration and Development

There is no fieldwork underway at present on any of the properties. Current work consists of compilation of existing data and planning for the 2005 field season. A major part of this planning work has to do with permitting issues. The Company anticipates that it will undertake drilling programs on all its Nevada properties during the 2005 field season. The bulk of this work will be diamond and reverse circulation drilling on the Big Springs project, with subordinate amounts of drilling at other sites. Project planning is currently being completed.

ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE

General

The Company is authorized to issue 100,000,000 common shares without par value of which 21,112,195 common shares were issued at March 24, 2005. There are no shares held under any escrow agreements as of March 24, 2005. The holders of common shares are entitled to receive notice of and attend all meetings of shareholders with each common share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of common shares are entitled to dividends if, as and when declared by the board of directors of the Company. There is no policy or intention to pay dividends at present. The common shares are entitled upon liquidation, dissolution or winding up of the Company to receive the remaining assets of the Company available for distribution to shareholders.

At March 24, 2005, there were 1,323,837 share purchase warrants issued. Each warrant entitles the holder to purchase one common share of the Company from Treasury at a price of \$0.50 per common share. The warrants expire on June 17, 2005. In addition there were 3,487,250 stock options held by Company directors, employees and consultants, exercisable to purchase common shares at various prices between \$0.35 and \$2.15 per share and expiring at various dates between June 17, 2008 and November 9, 2009. For further information as of December 31, 2004, refer to the audited financial statements of the Company for the year ended December 31, 2004 filed under the Company's profile at www.sedar.com

ITEM 6: MARKET FOR SECURITIES

The Company's common shares were listed and posted for trading on The Toronto Stock Exchange under the symbol GTQ on June 28, 2004. Prior to that date the common shares traded on the TSX Venture Exchange commencing on June 17, 2003.

Trading Price and Volume

The following table provides information as to the high, low and closing prices of the Company's shares during the 12 months of the most recently completed financial year as well as the volume of shares traded for each month:

<i>Month</i>	<i>High</i>	<i>Low</i>	<i>Close</i>	<i>Volume</i>
January	\$2.90	\$2.25	\$2.75	422,900
February	\$3.40	\$2.60	\$3.40	730,600
March	\$3.25	\$2.57	\$2.62	352,400
April	\$2.80	\$2.35	\$2.44	393,986
May	\$2.45	\$2.00	\$2.20	453,800
June	\$2.30	\$2.00	\$2.12	110,840
July	\$2.30	\$1.40	\$1.45	517,736
August	\$1.48	\$1.20	\$1.35	707,834
September	\$2.20	\$1.21	\$2.20	1,164,518
October	\$2.05	\$1.32	\$1.35	358,006
November	\$1.85	\$1.25	\$1.63	680,600
December	\$1.65	\$1.41	\$1.65	577,990

ITEM 7: DIRECTORS AND OFFICERS

The names, positions or offices held with the Company, municipality and province of residence, and principal occupation of the directors and officers of the Company are as follows:

<u>Name, Position and Province of Residence⁽¹⁾</u>	<u>Principal Occupation for the Past Five Years⁽¹⁾</u>	<u>Director/Officer Since⁽²⁾</u>
MICHAEL MCINNIS President, Chief Executive Officer and Director British Columbia, Canada	President, Chief Executive Officer and Director of the Company; Director of Canadian Gold Hunter Corp., a mineral exploration and development company.	Since May 1, 2002
ARCHIE NESBITT⁽⁴⁾⁽⁵⁾ Chairman and Director Alberta, Canada	Lawyer; Chairman and Director of Abacus Mining & Exploration Corp.; Director of Riverstone Resources Inc., Bakbone Software Inc., a software development company, and Southpoint Resources, an oil and gas exploration and development company	Since July 23, 2003
JAMES ROBERTSON⁽³⁾ Vice President, Corporate Affairs and Director British Columbia, Canada	President of Midas Management Inc., a company providing administration and management services to junior resource companies; Director of Riverstone Resources Inc., Sennen Resources Ltd., and Primary Metals Inc., mineral exploration and development companies	Since November 27, 2002
ALVIN WILLIAM JACKSON⁽³⁾⁽⁵⁾ Director British Columbia, Canada	Professional Geologist; President and Director of EuroZinc Mining, a mining company; Chairman and Director of Nordic Diamonds Ltd.; Director of Gold-Ore Resources Ltd., Canasil Resources Inc. & Doublestar Resources Inc., mineral exploration and development companies	Since November 27, 2002
LOUIS G. MONTPELLIER⁽⁴⁾⁽⁵⁾ Director British Columbia, Canada	Mining and Corporate Finance Lawyer engaged in private practice since 1981	Since November 27, 2002
ROMAN FRIEDRICH⁽³⁾⁽⁴⁾ Director British Columbia, Canada	President, Roman Friedrich & Co., a financial consulting company, since 1997; Director of StrataGold Corporation, a mineral exploration company; Chairman and Director of Dreman Claymore Dividend & Income Fund, an investment mutual fund	Since April 30, 2004

Notes:

(1) The information as to place of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.

(2) the term of the directors of the Company expires at the annual general meeting of shareholders where they can be nominated for re-election. The officer's hold their office at the discretion of the board but typically on an annual basis, after the annual general meeting, the directors pass resolutions to appoint their officers and committees.

(3) Member of the Audit Committee.

(4) Member of the Compensation Committee.

(5) Member of the Corporate Governance Committee

At this time the Company does not have an Executive Committee.

As of March 24, 2005, directors and executive officers of the Company beneficially own directly or indirectly or exercise control or direction over approximately 1,691,100 common shares of the Company representing approximately 8.0% of its issued and outstanding shares.

Corporate Cease Trade Orders or Bankruptcies

Except as hereafter set out, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or within the 10 years before the date of this Annual Information Form has been, a director or executive officer of any other corporation that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such corporation access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, or was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer in the corporation being the subject of a cease trade order or similar order that denied such corporation access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such corporation. Archie Nesbitt, the Chairman and a director of the Company, is currently a director of Backbone Software Incorporated, a TSX listed company that is currently subject to a cease trade order in the provinces of British Columbia, Alberta and Ontario and has been halted from trading for failure to file interim financial statements. The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

Penalties or Sanctions

No director or officer of the Company has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

During the ten years preceding the date of this Annual Information Form, no director, officer or a shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets. The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and any control shareholder of the Company individually.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who

has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of British Columbia the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers and directors and officers shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Company are not aware of any such conflicts of interests.

ITEM 8: PROMOTERS

Michael D. McInnis, the Chief Executive Officer and a Director of the Company is considered the Promoter of the Company in that he took the initiative in founding and organising the Company. Mr. McInnis owns directly or indirectly or exercises control over 1,003,000 common shares of the Company or 4.75% of the issued common shares of the Company as at March 24, 2005. For services in his capacity as Chief Executive Officer and Director of the Company, and not as Promoter, he has received the following compensation:

Summary Compensation Table

<i>Name and Principal Position</i>	<i>Year⁽¹⁾</i>	<i>Salary (\$)</i>	<i>Bonus (\$)</i>	<i>Other Annual Compensation (\$)</i>	<i>Securities Under Option (#)⁽²⁾</i>	<i>All Other Compensation (\$)</i>
Michael McInnis	2004	\$102,000 ⁽³⁾	Nil	Nil	325,000	Nil
Chief Executive	2003	\$70,500	Nil	Nil	540,000	Nil
Officer and President	2002	\$35,000 ⁽⁴⁾	Nil	\$7,675 ⁽⁵⁾	Nil	Nil

NOTES:

(1) Financial years ended December 31, with the exception that for the 2002 year the period began on May 1, 2002, being the date of incorporation.

(2) Figures represent options granted during a particular year.

(3) A portion of salary paid during the fiscal year ended December 31, 2004, was paid pursuant to a management services agreement entered into between Mr. McInnis and the Company on November 1, 2004.

ITEM 9: AUDIT COMMITTEE

Under Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”), companies are required to provide disclosure with respect to their audit committee including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. Accordingly the Company provides the following disclosure with respect to its audit committee:

The Audit Committee’s Charter

The following is the text of the Audit Committee’s Charter:

A. PURPOSE

The overall purpose of the Audit Committee (the “Committee”) is to ensure that the Corporation’s management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the “Board”), all of whom shall be “independent directors”, as that term is defined in National Instrument 52-110, “Audit Committees”.
2. A majority of the members of the Committee shall be “financially literate” (i.e. able to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements. Members who are not completely financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices.
3. At least one member of the Committee shall have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles).
4. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
5. Unless the Board shall have appointed a chair of the Committee or in the event of the absence of the chair, the members of the Committee shall elect a chair from among their number.
6. The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Corporation’s corporate secretary, unless otherwise determined by the Committee.
7. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

8. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
9. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
 - (c) the chair of the Committee shall be responsible for developing and setting the agenda for Committee meetings and determining the time and place of such meetings;
 - (d) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:

Chief Executive Officer
Chief Financial Officer
 - (e) other management representatives shall be invited to attend as necessary; and
 - (f) notice of the time and place of every meeting of the Committee shall be given in writing to each member of the Committee a reasonable time before the meeting.
10. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
11. The Committee shall have authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.

C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:
 - (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements;
 - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Corporation's financial and auditing personnel;
 - (iv) co-operation received from the Corporation's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Corporation;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
 - (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
 - (b) review and approve the internal audit plan; and
 - (c) review significant internal audit findings and recommendations, and management's response thereto.
4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Corporation's Business Conduct Policy and to periodically review this policy and recommend to the Board changes which the Committee may deem appropriate;

- (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
 - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
5. The Committee is also charged with the responsibility to:
- (a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;
 - (iii) prospectuses; and
 - (iv) other public reports requiring approval by the Board,and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Corporation's consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies;
 - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;
 - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders; and
 - (j) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Composition of the Audit Committee

Following the election of the directors pursuant to this Information Circular, the following will be the members of the Audit Committee:

James Robertson	Not independent ⁽¹⁾	Financially literate ⁽²⁾
Roman Friedrich	Independent ⁽¹⁾	Financially literate ⁽²⁾
Alvin Jackson	Independent ⁽¹⁾	Financially literate ⁽²⁾

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment. James Robertson is not considered independent in that he serves as Vice President, Corporate Affairs of the Company. In the view of the Board, this does not materially interfere with his duties and responsibilities as a member of the Audit Committee.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2004	\$10,500	\$8,750	\$1,200	--
2003	\$10,000	\$13,750	\$500	--

(1) The aggregate audit fees billed.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

(4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

ITEM 10: LEGAL PROCEEDINGS

There are no legal proceedings nor proceedings known to be contemplated to which the Company is party.

ITEM 11: TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar is Pacific Corporate Trust Company. Transfers may be effected and registration facilities are maintained at each of the following offices: (i) 10th Floor, 625 Howe Street, Vancouver, BC V6C 3B8; and (ii) Suite 1101, 4 King Street W., Toronto, Ontario M5H 1B6.

ITEM 12: INTERESTS OF EXPERTS

Staley Okada & Partners, C.A. have prepared and Auditor's Report on the Financial Statements of the Company for the year ended December 31, 2004 and, to the best knowledge of the Company, hold no interest in the Company or its securities.

Giles R. Peatfield, Ph. D., P. Eng. has prepared the 2002 Report and the 2004 Report for the Company and, to the best knowledge of the Company, holds no interest in the Company or its securities.

ITEM 13: ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's Information Circular in respect of its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is available in the Company's comparative audited consolidated financial statements together with the auditor's report thereon for its most recently completed fiscal year.

A copy of this Annual Information Form, the Company's Information Circular for its most recent annual meeting and the financial statements (including any interim statements from the past fiscal year) may be found on the SEDAR website at www.sedar.com or be obtained upon request from the Secretary of the Company. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of the Company.

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

GATEWAY GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2004 and 2003

AUDITORS' REPORT

To the Shareholders of Gateway Gold Corp.:

We have audited the consolidated balance sheets of Gateway Gold Corp. as at 31 December 2004 and 2003 and the consolidated statements of loss and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2004 and 2003 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Staley, Okada & Partners"

Vancouver, B.C.
21 February 2005

STALEY, OKADA & PARTNERS
CHARTERED ACCOUNTANTS

Consolidated Balance Sheets

As at 31 December

Canadian Funds

ASSETS	2004	2003
Current		
Cash	\$ 8,189,552	\$ 3,712,060
Amounts receivable	62,390	34,031
Prepaid expenses	5,419	34,363
	<u>8,257,361</u>	<u>3,780,454</u>
Reclamation Bond	278,743	83,235
Mineral Property Costs - Schedule (Note 4)	10,077,282	2,215,340
Property, Plant and Equipment (Note 5)	115,436	6,354
	<u>\$ 18,728,822</u>	<u>\$ 6,085,383</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities		
- trade	\$ 437,569	\$ 420,810
- related parties	-	32,874
	<u>437,569</u>	<u>453,684</u>

Commitments (Note 10)

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	19,371,544	6,083,594
Contributed Surplus (Note 6c)	2,530,436	603,311
Deficit - Statement 2	<u>(3,610,727)</u>	<u>(1,055,206)</u>
	<u>18,291,253</u>	<u>5,631,699</u>
	<u>\$ 18,728,822</u>	<u>\$ 6,085,383</u>

ON BEHALF OF THE BOARD:

"Michael D. McInnis"

_____, Director

"James Robertson"

_____, Director

- See Accompanying Notes -

Consolidated Statements of Loss and Deficit

For the Years Ended 31 December

Canadian Funds

	2004	2003
Expenses (Income)		
Amortization	\$ 21,376	\$ 1,077
Consulting fees	33,222	92,338
Foreign exchange gain	(22,291)	(1,958)
General exploration	17,552	-
Management fees	222,000	70,500
Office recoveries	(32,000)	-
Office, rent and miscellaneous	90,025	36,761
Professional fees	107,950	82,413
Promotion and public relations	146,168	68,697
Salaries and wages	57,838	17,935
Stock-based compensation (Note 6e)	1,832,572	585,322
Stock exchange and filing fees	109,004	3,212
Telephone and facsimile	8,185	4,346
Transfer agent and shareholder information	38,323	28,619
Travel and accommodation	83,197	26,295
Loss Before the Under-noted	2,713,121	1,015,557
Interest income	(157,600)	(18,624)
Loss for the Year	2,555,521	996,933
Deficit - Beginning of year	1,055,206	58,273
Deficit - End of Year	\$ 3,610,727	\$ 1,055,206
 Loss per Share - Basic and Diluted	 \$ 0.14	 \$ 0.15
 Weighted-Average Shares Outstanding	 18,333,540	 6,584,668

- See Accompanying Notes -

Consolidated Statements of Cash Flows

For the Years Ended 31 December

Canadian Funds

Cash Resources Provided by (Used in)	2004	2003
Operating Activities		
Loss for the year	\$ (2,555,521)	\$ (996,933)
Items not affecting cash		
Amortization	21,376	1,077
Stock-based compensation	1,832,572	585,322
	<u>701,573</u>	<u>(410,534)</u>
Net change in non-cash working capital		
Amounts receivable	(28,359)	(28,254)
Prepaid expenses	28,944	(31,606)
Accounts payable and accrued liabilities		
- trade	16,759	413,110
- related parties	(32,874)	(294)
	<u>(717,103)</u>	<u>(57,578)</u>
Investing Activities		
Reclamation bonds	(195,508)	(83,235)
Mineral property costs	(7,585,713)	(1,958,942)
Property, plant and equipment	(130,458)	(7,431)
	<u>(7,911,679)</u>	<u>(2,049,608)</u>
Financing Activities		
Share capital issued for cash	13,511,375	6,292,440
Share issuance costs	(405,101)	(568,377)
Deferred share issuance costs	-	33,513
	<u>13,106,274</u>	<u>5,757,576</u>
Net Increase in Cash	4,477,492	3,650,390
Cash position - Beginning of year	3,712,060	61,670
Cash Position - End of Year	\$ 8,189,552	\$ 3,712,060
Supplementary Disclosure of Non-Cash Investing and Financing Transactions		
Shares issued for mineral properties	\$ 168,400	\$ 70,000
Stock-based compensation – share capital	\$ 13,276	\$ 3,031
Stock-based compensation – contributed surplus	\$ 1,927,125	\$ 603,311
Stock-based compensation recorded for mineral property costs	\$ 107,829	\$ 21,020

- See Accompanying Notes -

Consolidated Schedules of Mineral Property Costs

For the Years Ended 31 December

Canadian Funds

	2004	2003
Golden Dome, Nevada		
Camp and general	\$ 31,620	\$ 3,350
Consulting	4,801	7,008
Drilling	40,316	-
Environmental and permitting	62,296	2,705
Geochemical	29,251	34,999
Geological	30,594	14,792
Geophysical	87,779	42,371
Lease, licenses, and taxes	18,838	47,667
Option payments – cash and shares (Notes 4a and 6b)	23,333	26,667
Project management	5,807	-
Report preparation	1,788	3,896
Roadwork	10,400	-
Staking	-	17,742
Stock-based compensation (Note 6e)	35,942	-
Surveying	7,325	6,077
Transportation	9,967	4,230
	400,057	211,504
Big Springs, Nevada		
Camp and general	156,036	45,593
Consulting	53,925	43,818
Drilling	3,021,520	615,186
Environmental and permitting	168,583	67,852
Geochemical	394,128	247,413
Geological	481,393	150,656
Geophysical	-	377
Lease, licenses, and taxes	22,224	43,052
Option payments - cash and shares (Notes 4a and 6b)	23,333	26,666
Project management	44,505	-
Report preparation	1,527	4,258
Roadwork	32,810	41,813
Staking	-	21,028
Stock-based compensation (Note 6e)	35,944	-
Surveying	54,858	1,516
Transportation	69,071	11,806
	4,559,857	1,321,034
Island Mountain, Nevada		
Camp and general	96,897	8,044
Consulting	23,927	17,114
Drilling	824,810	138,075
Environmental and permitting	91,068	34,343
Geochemical	147,708	44,077
Geological	103,319	54,001
Geophysical	98,482	79,374
Lease, licenses, and taxes	21,690	50,863
Option payments - cash and shares (Notes 4a and 6b)	23,334	26,667
Project management	27,978	-
Report preparation	246	7,197
Roadwork	22,172	11,269
Staking	-	38,099
Stock-based compensation (Note 6e)	35,943	-
Surveying	16,595	4,479
Transportation	29,494	3,822
	1,563,663	517,424
Balances Carried Forward	\$ 6,523,577	\$ 2,049,962

- See Accompanying Notes -

Consolidated Schedules of Mineral Property Costs**For the Years Ended 31 December***Canadian Funds*

	2004	2003
Balances Brought Forward	\$ 6,523,577	\$ 2,049,962
Jack Creek, Nevada		
Camp and general	1,735	-
Consulting	1,195	-
Geochemical	28,008	-
Geological	17,777	-
Lease, licenses, and taxes	51,576	-
Project management	432	-
Staking	128,725	-
Surveying	263	-
Transportation	2,631	-
	232,342	-
Dorsey Creek, Nevada		
Camp and general	61,540	-
Consulting	15,954	-
Drilling	634,707	-
Environmental and permitting	61,244	-
Geochemical	58,425	-
Geological	111,564	-
Geophysical	57,915	-
Lease, licenses, and taxes	17,709	-
Project management	13,369	-
Report preparation	288	-
Roadwork	10,861	-
Surveying	19,804	-
Transportation	24,877	-
	1,088,257	-
Mac Ridge, Nevada		
Geochemical	9,148	-
Geological	350	-
Staking	8,268	-
	17,766	-
Costs for the Year	7,861,942	2,049,962
Costs - Beginning of year	2,215,340	165,378
Costs - End of Year	\$ 10,077,282	\$ 2,215,340

- See Accompanying Notes -

Gateway Gold Corp.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

1. Nature of Operations and Basis of Presentation

The Company was incorporated and commenced operations on 1 May 2002 as Gateway Resources Ltd. On 18 October 2002, the Company changed its name to Gateway Gold Corp. The Company is engaged in the exploration and development of mineral properties. Unless otherwise noted, all amounts presented in these financial statements are expressed in Canadian dollars.

2. Significant Accounting Policies

a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Gateway Gold (USA) Corp., which was incorporated on 4 December 2002 and has been accounted for using the purchase method.

b) Management Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

c) Mineral Interests

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. In the event of commercial production, net costs will be charged to operations on the unit-of-production method by project based upon estimated recoverable reserves.

The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership of its interests are in good standing.

The Company does not accrue the estimated costs of maintaining its mineral interests in good standing.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

2. Significant Accounting Policies - Continued

d) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

e) Asset Retirement Obligations

Effective January 1, 2004, the Company adopted the recommendations of CICA Handbook Section 3110, *Asset Retirement Obligations*. This section requires the recognition of a liability for legal obligations relating to the retirement of property, plant and equipment and obligations arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement costs must be recognized at fair value, when a reasonable estimate of fair value can be made, in the period in which the liability is incurred. A corresponding increase to the carrying amount of the related asset, where one is identifiable, is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the year is expensed. The amount of the liability is subject to re-measurement at each reporting period. The estimates are based principally on legal and regulatory requirements. It is possible that the Company's estimate of its ultimate reclamation liabilities could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or changes in cost estimates. Changes in estimates are accounted for prospectively commencing in the period the estimate is revised.

No liability accrual has been recorded as the Company is in the exploration stage on its properties and no reasonable estimate of the fair value of the liability can be estimated. There is no effect on prior years, as a result of adopting this new recommendation.

f) Environmental

The operations of the Company may, in the future, be affected by changes in environmental regulations, including those for future reclamation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's philosophy and resultant policy is to conduct its exploration and development activities in an environmentally responsible manner. Specifically, the Company's policy is to meet or surpass the environmental requirements established to satisfy international standards and guidelines, by application of technically proven and economically feasible mitigation and reclamation procedures.

g) Amortization

The company provides for amortization of its property, plant and equipment as follows:

- Furniture and fixtures – 20% declining balance method
- Computer equipment – 30% declining balance method
- Field equipment – 20% declining balance method
- Leasehold improvements – straight-line over the term of the lease (five years)

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

2. Significant Accounting Policies - Continued

h) Share Capital

- i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount of which the option, warrant or escrow share enabled the holders to purchase a share in the Company.
- ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

i) Stock-Based Compensation

The Company has adopted the recommendations of CICA Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*, which applies to all awards granted on or after 1 January 2002. This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services.

As encouraged by Section 3870, the Company has enacted prospectively early adoption of the fair-value based method of accounting for awards issued to employees for the fiscal year beginning 1 January 2003.

The standard requires that all stock-based awards made to employees and non-employees be measured and recognized using a fair-value based method. In prior years, stock-based compensation was recognized only when stock-based awards were made to non-employees, while pro-forma disclosure was acceptable for awards made to employees.

j) Foreign Exchange

The accounts of the Company's foreign operations are translated into Canadian dollars on the following basis:

- Income and expense items and exploration and development costs are translated in a manner that produces substantially the same results as would have resulted had these items been translated on the date they occurred.
- Non-monetary assets and liabilities at historical exchange rates.
- Monetary assets and liabilities (assets and liabilities whose nominal value, in terms of foreign currencies, are fixed) at the exchange rate at year-end.

Exchange gains and losses relating to the translation of foreign currency denominated monetary items that have a fixed life extending beyond year-end, are deferred and amortized over the life of the subject monetary items. All other exchange gains and losses are treated as current period items.

k) Income Taxes

The Company uses the asset and liability method to account for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. The benefits of losses available for carry-forward to future years for tax purposes are recognized to the extent that realization of such benefits is more likely than not.

Gateway Gold Corp.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

2. Significant Accounting Policies - *Continued*

l) Loss per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

m) Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

3. Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, reclamation bond and accounts payable, some of which are denominated in U.S. dollars and are subject to fluctuations in foreign exchange rates. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

4. Mineral Property Costs

a) By an agreement dated 23 December 2002, the Company purchased a 100% interest in certain mineral claims located in the Jerritt Canyon area of Nevada, USA. Consideration for the purchase is as follows:

- a cash payment of \$10,000 (paid);
- a staged issuance of shares from treasury in tranches of 200,000 shares beginning on 17 June 2003, the closing of the initial public offering (*Note 6b*), and thereafter every twelve months until a total of 1,000,000 shares have been issued. To 31 December 2004, the Company has issued 400,000 shares;
- incurring \$100,000 in expenditures on the properties by 31 December 2002 (incurred), and incurring \$70,000 in expenditures in each subsequent year (incurred to 31 December 2004) until the share issuances are completed.

The Company has placed the title to the properties in escrow until such time as the share issuances are completed. Should the Company abandon exploration of the properties prior to all shares being issued, the title would revert to the vendors.

Gateway Gold Corp.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

4. Mineral Property Costs - Continued

a) *(Continued)*

The properties are subject to net smelter return royalties of 2% - 3%. Beginning on the seventh anniversary of the agreement, the Company must pay annual advance royalty payments of \$100,000.

During the year, the Company signed an agreement, with a former operator of the Big Springs project, to acquire technical information on the property. The Company issued 60,000 shares to the former operator and has agreed to issue an additional 120,000 shares upon commencement of commercial production at Big Springs.

b) During the year, the Company staked additional claims comprising the Jack Creek, Dorsey Creek, and Mac Ridge properties. The Mac Ridge claims and various of the Dorsey Creek claims lie within the area of interest covered by the 23 December 2002 Big Springs agreement.

c) Details of cumulative expenditures are as follows:

	Acquisition	Exploration	Total 2004	Total 2003
Mineral Properties, Nevada, USA				
Golden Dome	\$ 77,811	\$ 589,021	\$ 666,832	\$ 266,775
Big Springs	81,096	5,858,744	5,939,840	1,379,983
Island Mountain	98,168	2,034,077	2,132,245	568,582
Jack Creek	128,725	103,617	232,342	-
Dorsey Creek	-	1,088,257	1,088,257	-
Mac Ridge	8,268	9,498	17,766	-
	\$ 394,068	\$ 9,683,214	\$ 10,077,282	\$ 2,215,340

5. Property, Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Furniture and fixtures	\$ 81,576	\$ 11,819	\$ 69,757	\$ 686
Computer equipment	41,317	8,717	32,600	5,668
Field equipment	8,487	1,049	7,438	-
Leasehold improvements	6,509	868	5,641	-
	\$ 137,889	\$ 22,453	\$ 115,436	\$ 6,354

6. Share Capital

Details are as follows:

a) Authorized share capital consists of 100,000,000 common shares without par value.

Gateway Gold Corp.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

6. Share Capital - Continued

b) Issued and outstanding:

	31 December 2004		31 December 2003	
	Number	Amount	Number	Amount
Balance - Beginning of year	13,855,701	\$ 6,083,594	3,145,000	\$ 286,500
Issued and fully paid:				
Shares cancelled (i)	-	-	(1,870,000)	-
Class A special warrants (i)	-	-	1,870,000	-
Class B special warrants (ii)	-	-	170,000	59,500
Initial public offering (iii)	-	-	3,300,000	1,155,000
Agent's finance shares	-	-	50,000	-
Agent's warrant shares	-	-	325,800	-
Private placement (iv)	-	-	4,000,000	4,000,000
Private placement (v)	3,600,000	9,900,000	-	-
Agent's warrants (v)	94,182	-	-	-
Exercise of warrants	3,056,500	3,593,875	2,662,151	1,074,860
Exercise of options	50,000	17,500	2,750	3,080
Share issuance costs	-	(405,101)	-	(568,377)
Property shares (Note 4a)	200,000	70,000	200,000	70,000
Property shares (Note 4a)	60,000	98,400	-	-
Stock-based compensation (Note 6c)	-	13,276	-	3,031
Balance - End of year	20,916,383	\$ 19,371,544	13,855,701	\$ 6,083,594

- i) On 24 March 2003, upon exchange for, and cancellation of, 1,870,000 previously issued common shares, the Company issued 1,870,000 Class A Special Warrants. Each Class A Special Warrant was exercised on 15 May 2003, without payment of further consideration, into one common share of the Company.
- ii) On 24 March 2003, the Company completed a private placement of 170,000 Class B Special Warrants at a price of \$0.35 for cash proceeds of \$59,500. Each Class B Special Warrant was exercised on 15 May 2003, without payment of further consideration, into one Class B Unit of the Company. Each Class B Unit consists of one common share and one two-year warrant entitling the holder to purchase one additional common share for \$0.40 per share until 24 September 2003, and for \$0.50 per share until 24 March 2005.
- iii) On 17 June 2003, the Company completed an initial public offering and obtained a listing for its shares on the TSX Venture Exchange. The Company issued 3,300,000 units at a price of \$0.35 per unit for gross proceeds of \$1,155,000. Each unit consists of one common share and one two-year warrant entitling the holder to purchase one additional common share for \$0.40 per share until 17 December 2003, and for \$0.50 per share until 17 June 2005 ("Unit"). The Company paid the agent a commission of 10% of the gross proceeds raised, which the agent elected to receive in cash (as to \$1,470) and by way of issuance of 325,800 Units. In addition, the Company granted 495,000 warrants entitling the agent to purchase shares on the same terms as the warrants issued in the offering. The Company also paid the agent \$15,000 and issued 50,000 common shares as a corporate finance fee, and paid the agent's legal fees and expenses of \$26,678. The Company incurred an additional \$151,013 in legal, accounting and filing fees relating to the initial public offering.

Gateway Gold Corp.
Notes to Consolidated Financial Statements
31 December 2004 and 2003
Canadian Funds

6. Share Capital - Continued

b) Issued and outstanding (Continued):

- iv) On 5 September 2003, the Company completed a private placement of 4,000,000 units at a price of \$1.00 per unit for gross proceeds of \$4,000,000. Each unit consists of one common share of the Company and one warrant entitling the holder to purchase an additional share of the Company for \$1.25 until 5 September 2004. The Company paid the agents a commission of 8.5% of the gross proceeds, a corporate finance fee and legal costs, totalling \$374,217. In addition, the Company issued warrants entitling the agents to purchase up to 475,000 shares of the Company at a price of \$1.00 per share until 5 September 2004.
- v) On 3 March 2004, the Company completed a brokered private placement of 3,600,000 units at a price of \$2.75 per unit for gross cash proceeds of \$9,900,000. Each unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase an additional common share for a period of one year at a price of \$3.50 if exercised in the first six months, and at a price of \$4.50 if exercised in the following six months. The Company paid the agent a finder's fee of 6% of the gross proceeds (paid in cash as to \$335,000 and the issuance of 94,182 units with the same terms and conditions as the private placement units), a finance fee of \$30,000, and issued broker warrants entitling the agent to purchase 358,200 common shares at a price of \$3.50 until 4 March 2005.

c) Contributed Surplus

Details are as follows:

	2004	2003
Balance - Beginning of Year	\$ 603,311	\$ -
Stock-based compensation (Note 6e)	1,940,401	606,342
Compensation attributed to options exercised in year (Note 6e)	(13,276)	(3,031)
Balance - End of Year	\$ 2,530,436	\$ 603,311

d) Stock Options

At 31 December 2004, the Company had 3,462,250 stock options outstanding as follows:

	Grant Date	Number	Exercise Price	Expiry Date
Directors and officers	6 January 2003	735,000	\$ 0.35	17 June 2008
Consultants	6 January 2003	150,000	\$ 0.35	17 June 2008
Director	26 March 2003	90,000	\$ 0.35	17 June 2008
Directors, officers and employees	30 July 2003	172,250	\$ 1.12	30 July 2008
Consultant	30 July 2003	125,000	\$ 1.12	30 July 2008
Directors and officers	29 September 2003	695,000	\$ 2.09	29 September 2008
Consultant	29 September 2003	100,000	\$ 2.09	29 September 2008
Director	30 April 2004	125,000	\$ 2.04	30 April 2009
Employees and consultants	30 June 2004	195,000	\$ 2.12	30 June 2009
Directors, officers and employees	15 July 2004	1,000,000	\$ 2.15	15 July 2009
Consultant	9 November 2004	75,000	\$ 1.35	9 November 2009
		<u>3,462,250</u>		

The outstanding options have a weighted-average exercise price of \$1.52 and the weighted-average remaining life of the options is 3.97 years. As at 31 December 2004 a total of 2,225,625 (2003 - 658,125) options have vested.

Gateway Gold Corp.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

6. Share Capital - Continued

e) Stock-Based Compensation

For the years ended 31 December, the Company has issued stock options to its directors, officers and employees and recognized stock-based compensation (Note 2i) as follows:

	2004	2003
Total options granted	1,395,000	2,120,000
Average exercise price	\$ 2.09	\$ 1.11
Estimated fair value of compensation	\$ 2,268,500	\$ 2,129,749
Estimated fair value per option	\$ 1.63	\$ 1.00

The fair value of the stock-based compensation to be recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2004	2003
Risk-free interest rate	3.97%	3.66%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	100%	100%
Expected option life in years	5.00	5.00

The company has recorded stock-based compensation for the options that vested during the year as follows:

	2004	2003
Number of options vested in year	1,567,500	658,125
Stock-based compensation expense	\$ 1,832,572	\$ 585,322
Capitalized to mineral properties	107,829	21,020
Total compensation recognized for the year	1,940,401	606,342
Transfer to share capital – options exercised (i)	(13,276)	(3,031)
Net addition to contributed surplus for the year	\$ 1,927,125	\$ 603,311

(i) During the year, employees and consultants exercised 50,000 (2003 – 2,750) options for which the related stock-based compensation has been recorded as share capital in these financial statements.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimated, and therefore it is management's view that the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock option grants.

Gateway Gold Corp.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

6. Share Capital - Continued

f) Warrants

At 31 December 2004, the Company had 3,699,940 share purchase warrants outstanding. Each warrant entitles the holder to purchase the following:

Shares	Exercise Price	Expiry Date
100,000	\$ 0.50	24 March 2005
1,394,649	\$ 0.50	17 June 2005
358,200	\$ 3.50	4 March 2005
1,847,091	\$ 4.50	4 March 2005
<u>3,699,940</u>		

g) As at 31 December 2004, there were nil (2003 - 956,250) shares held in escrow.

7. Related Party Transactions

Related party transactions and balances not otherwise disclosed in these financial statements are as follows:

- a) During the year, the Company paid or accrued \$222,000 (2003 - \$136,000) in management fees to directors and companies controlled by directors.
 - b) During the year, the Company paid or accrued \$87,382 (2003 - \$141,961) in legal fees and disbursements to a law firm, a partner of which is a director of the Company.
 - c) During the year, the Company paid or accrued \$5,213 (2003 - \$12,663) in consulting fees to parties related to directors.
 - d) During the year, the Company received \$32,000 (2003 - \$Nil) in office rent and expense recoveries from a Company with directors in common.
-

8. Income Taxes

- a) The Company has non-capital income tax losses carried forward of approximately \$1,450,000 available to reduce future prescribed taxable income in Canada and approximately US\$584,000 to reduce future prescribed taxable income in the United States. The benefit of these losses has not been recognized in the accounts. The Canadian tax losses begin to expire in fiscal 2009, and the United States tax losses begin to expire in fiscal 2022.
 - b) The Company has approximately US\$7,147,000 of resource related expenditures that may be carried forward and used to reduce future prescribed taxable income in the United States. The benefit of these expenditures has not been recognized in the accounts.
-

Gateway Gold Corp.

Notes to Consolidated Financial Statements

31 December 2004 and 2003

Canadian Funds

9. Segmented Information

The Company's only business activity is the exploration for and development of mineral reserves. This activity is carried out primarily in the United States. The breakdown by geographic region is as follows:

31 December 2004	Canada	United States	Elimination	Consolidated
Segment revenue	\$ -	\$ -	\$ -	\$ -
Segment operating income (loss)	\$ (3,277,839)	\$ 722,318	\$ -	\$ (2,555,521)
Identifiable assets	\$ 17,527,957	\$ 10,371,503	\$ (9,170,638)	\$ 18,728,822

31 December 2003	Canada	United States	Elimination	Consolidated
Segment revenue	\$ -	\$ -	\$ -	\$ -
Segment operating income (loss)	\$ (979,900)	\$ (17,033)	\$ -	\$ (996,933)
Identifiable assets	\$ 5,660,688	\$ 2,536,250	\$ (2,111,555)	\$ 6,085,383

10. Commitments

- a) The During the year, the Company entered into a five-year lease agreement for office premises effective 1 May 2004. Minimum future annual lease payments (based on 2004 operating costs) are as follows:

Fiscal Year	Amount
2005	\$ 65,904
2006	68,820
2007	70,278
2008	73,194
2009	24,884
	<u>\$ 303,080</u>

- b) The Company has management services agreements with two of its directors that call for an aggregate of \$13,500 per month. The contracts are for rolling three-year terms that renew automatically each year, unless otherwise terminated or altered by mutual consent. Should the Company terminate these contracts without cause, it would become liable for the total amounts payable under the contract for the remaining term.
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Gateway Gold Corp.
Annual Management Discussion and Analysis
For the Year Ended December 31, 2004

Dated March 24, 2005

Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2004. Consequently, the following discussion and analysis of the financial condition and results of operations for Gateway Gold Corp. ("Gateway" or the "Company") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2004 and related notes therein, which have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied.

Additional information can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

GENERAL

The Company was incorporated and commenced operations on May 1, 2002 as Gateway Resources Ltd. On October 18, 2002, the Company changed its name to Gateway Gold Corp.

Gateway Gold Corp. is a mineral resource company exploring for metallic minerals including precious metals. Through its wholly-owned subsidiary, Gateway Gold (USA) Corp., the Company holds an agreement for a 100% interest in the Big Springs, Island Mountain, and Golden Dome properties. The properties are located in Elko County in the Jeritt Canyon area of northeast Nevada, USA.

The properties are held under an agreement including terms whereby the Company is required to issue a total of 1,000,000 common shares to the vendors over a four-year period. A net smelter return royalty of 2-3% is also payable on any production from the properties. An initial exploration expenditure commitment of \$100,000 has been completed with further annual work commitments of not less than \$70,000 required during the four-year period. The Company has met all expenditure requirements to date, and has issued 400,000 common shares to the vendors.

Prior to listing on the TSX Venture Exchange on June 17, 2003, the Company undertook preliminary exploration activities on the properties and results proved encouraging. Results of work to December 2002 have been reported in accordance with the requirements of NI 43-101 by the Company's independent Qualified Person, Dr. Giles Peatfield, P. Eng. The report may be found on SEDAR at www.sedar.com

Further exploration, including drilling programs, was recommended on the properties. The recommended exploration budget for Phase I totalled \$364,100 with a further budget of \$289,025 for Phase II. The Company completed a public offering of 3.3 million units by prospectus to raise a further \$1,155,000 before expenses and commissions and was accepted for listing on the TSX Venture Exchange on June 17, 2003. Reference should be made to the Company's Amended and Re-Statement Prospectus dated May 30, 2003 for further detailed information.

During the third quarter of 2003, the Company issued 4,000,000 units by private placement at a price of \$1.00 per unit to raise \$4,000,000. The funds were to be used for a further exploration program on the Company's properties in accordance with recommendations of the Company's consultant, Dr. Giles Peatfield, P. Eng.

The Company has also staked the Dorsey Creek and Jack Creek properties to the southwest of the Big Springs property. The Dorsey Creek property is subject to a 2% net smelter royalty.

During the first quarter of 2004, the Company completed a brokered private placement of 3,600,000 units at \$2.75 per unit for gross proceeds of \$9,900,000.

On June 28, 2004 the Company commenced trading on the Toronto Stock Exchange and de-listed from the TSX Venture Exchange, having met the requirements for listing on the senior exchange.

During the second quarter of 2004, the Company granted 125,000 stock options exercisable at a price of \$2.04 per share until 30 April 2009 to a director of the Company and a further 195,000 stock options exercisable at a price of \$2.12 per share until June 30, 2009 to Company employees and consultants.

During the third quarter of 2004, the Company granted 1,000,000 stock options exercisable at a price of \$2.15 per share until 15 July 2009 to directors, officers, employees and consultants. The Company granted 75,000 five-year options to a consultant during the fourth quarter at an exercise price of \$1.35.

MINERAL EXPLORATION

During the year, the Company completed and filed a new technical report entitled "Technical Review Report on the Island Mountain, Big Springs, Dorsey Creek and Golden Dome Mineral Properties, Elko County, Nevada, USA" prepared by Giles Peatfield, Ph.D., P.Eng., prepared in accordance with NI 43-101. The report is available for viewing on SEDAR under the company's profile at www.sedar.com

By the end of the year, the Company had completed its planned \$7.1 million exploration program on its Nevada mineral properties. The program included about 90,000 feet (27,500 metres) of drilling and commenced in mid-June.

On the Big Springs property, eleven gold-bearing structures were drill-tested during the 2003 program. Mapping and drilling traced these structures over lengths ranging from 200 to 1,000 feet and to depths of over 600 feet. Significant gold intersections were encountered in all eleven structures with widths ranging from 5 to 50 feet and gold values ranging from 0.10 ounces per ton to 1.28 ounces per ton. The objective of the 2004 program was to drill the gold-bearing structures with sufficient density to be able to estimate a resource by year-end. By the end of the year, approximately 60,000 feet of drilling had been completed. Numerous intersections of gold mineralization in excess of 0.20 ounces per ton gold have been encountered in the drilling to date. These intercepts, taken in conjunction with previous intersections from the 2003 program, show that the mineralized zones have continuity and that the grades are in a range that could be potentially economic. The results are being compiled and a geologic resource will be prepared by May 2005.

Detailed mapping and sampling in 2003 on the Dorsey Creek property, located 3 kilometres south-west of Big Springs, delineated a significant new target. Widespread silicification accompanied by low-grade gold values was discovered over a distance of at least one kilometre along a prominent ridge along Dorsey Creek. Interpretation of the data suggests that a sizeable gold deposit could exist below or adjacent to the ridge. A soil sampling program and an induced polarization geophysical survey had been carried out by the end of the year. Several anomalous areas delineated by the integration of geology, geochemistry and geophysics were drill-tested in November and December 2004. Four of the six holes drilled in the program encountered anomalous gold-arsenic-antimony mineralization over thick intervals. The gold grades are not potentially economic but confirm that the large gold system identified by surface work continues to depth. The Company plans to continue drill-testing this target in 2005.

The newly staked property at Jack Creek covers some 300 claims and is located immediately south-west of the Dorsey Creek property. Geologically, the property appears similar to the Dorsey Creek property and has a known presence of silicification and gold occurrences. The 2004 program comprising mapping and rock sampling has been completed and results are being evaluated.

The Island Mountain property is a low grade, open pit gold prospect located about 20 kilometres north-east of the Big Springs property. In 2003, the Company completed 27 drill holes to test six separate targets and 21 holes intersected gold mineralization with mineralized intervals ranging between 5 to 50 feet with gold grades between 0.015 and 0.121 ounces per ton. Four separate zones have been established on the property based on clusters of gold-bearing drill holes and geophysical targets. By the end of 2003, approximately 8,000 feet of drilling had been completed. Results from drill holes in 3 different areas have returned gold intersections of at least 1.0 gram gold per tonne over minimum lengths of 10 feet. During 2004, 27,000 feet of drilling was completed to further test the targets developed in 2003. The results are being reviewed to establish if any further drilling is warranted.

The Golden Dome property, located about 5 kilometres south of the Big Springs property and 8 kilometres north of the Jerritt Canyon Mine is overlain by a thin veneer of glacial overburden. Interpretation of technical data suggests that the same geologic situation that hosts the Jerritt Canyon orebodies underlies the overburden at Golden Dome. Work completed in 2004 included geophysical surveying and reverse circulation drilling.

Four holes were drilled to test geochemical and geophysical targets. Several zones anomalous in gold were encountered which warrant further drilling in 2005.

FINANCIAL RESULTS OF OPERATIONS

All of the financial information referenced below has been prepared in accordance with Canadian generally accepted accounting principles, applied on a consistent basis.

The Company has a limited history of operations and the following table shows financial data for the Company's first three completed financial years, one of which covered an eight-month period.

SELECTED ANNUAL INFORMATION

Financial Data for Last Three Fiscal Years			
Fiscal Year Ended	Dec-04	Dec-03	Dec-02 (8 months)
Total revenues	\$Nil	\$Nil	\$Nil
Loss before extraordinary items	\$2,555,521	\$996,933	\$58,273
Net (earnings) loss	\$2,555,521	\$996,933	\$58,273
Weighted average number of shares outstanding	18,333,540	6,584,668	3,145,000
Loss per share	\$0.14	\$0.15	\$0.02
Cash and cash equivalents	\$8,189,552	\$3,712,060	\$61,670
Current assets	\$8,257,361	\$3,780,454	\$70,204
Non-current assets	\$10,471,461	\$2,304,929	\$198,891
Total assets	\$18,728,822	\$6,085,383	\$269,095
Current liabilities	\$437,569	\$453,684	\$40,868
Total long-term financial liabilities	\$Nil	\$Nil	\$Nil
Total shareholders' equity	\$18,291,253	\$5,631,699	\$228,227
Cash dividends declared per share	\$Nil	\$Nil	\$Nil

FINANCIAL DATA FOR THE LAST EIGHT QUARTERS

Three Months Ended	Dec-04	Sep-04	Jun-04	Mar-04	Dec-03	Sep-03	Jun-03	Mar-03
Total Revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
(Earnings) loss before extraordinary items	\$730,727	\$792,194	\$556,921	\$475,679	\$722,402	\$195,495	\$57,705	\$21,331
Net (earnings) loss	\$730,727	\$792,194	\$556,921	\$475,679	\$722,402	\$195,495	\$57,705	\$21,331
(Earnings) loss per share	\$0.03	\$0.04	\$0.03	\$0.03	\$0.06	\$0.03	\$0.01	\$0.01

The Company's operations during the year produced a net loss of \$2,555,521 or \$0.14 per share compared to a net loss of \$996,933 or \$0.15 per share for 2003. As the Company has not owned any revenue-producing resource properties, no mining revenues have been recorded to date. The increase in net loss from 2003 resulted from the significantly increased level of exploration and other activities of the Company, the opening of a new head office in Vancouver and an exploration office in Nevada, and the \$1,832,572 of stock-based compensation expense, a non-cash item. The loss also included management fees of \$222,000, professional fees of \$107,950, promotion and public relations of \$146,168, stock exchange filing fees of \$109,004, and transfer agent and shareholder information costs of \$38,323. These expenses reflect the high level of the Company's financing activities during the year, the increased management activities due to expanded exploration work and planning, the attendance at trade shows and a mine tour, and the costs associated with the Company successfully meeting the listing requirements for trading on the Toronto Stock Exchange.

General and administrative expenses for the year under review were notably higher than in fiscal 2003 due to the significant increase in exploration and administrative activities during the current year. Office, rent and miscellaneous costs increased significantly due to the Company moving into larger office space in May 2004. These costs were reduced by office services and rent recoveries of \$32,000 received from a related company that shares the new office space. Amortization is higher than 2003 due to the purchase of \$130,458 in office, field, and computer equipment during the year. The aggregate of consulting fees, management fees and salaries increased by 73% over 2003 due to the additional time required from the Company's directors, consultants and employees to handle the increased activities during the year. Professional fees, stock exchange and filing fees, and transfer agent and shareholder information expenses increased over 2003 due to the large financing undertaken in 2004 plus the Company's move to the senior Toronto Stock Exchange. Promotion and public relations and travel and accommodation costs increased due to the Company hiring an investor relations manager during 2004 to handle the increased investor interest in the Company's stock, and due to the Company's attendance at several conferences during the year.

Interest income was higher in 2004 due to the additional funds received on the Company's private placement that closed late in the first quarter. Stock-based compensation expense increased over the prior year due to the increase in the number of options that vested during the years. The estimated expense totalled \$1,832,572 for 1,567,500 options that vested in 2004 compared to \$585,322 for 658,125 options that vested in 2003.

During the year, the Company carried out extensive permitting, drilling and technical compilation work related to the mineral properties, of which amount \$4,559,857 was spent on the Big Springs property, \$1,563,663 on the Island Mountain property, \$400,057 on Golden Dome, \$1,088,257 on Dorsey Creek and \$232,342 on Jack Creek. Expenditures totalling \$383,191 for environmental permitting relates to the Company's 2004 field program. Geological costs totalling \$744,997 were incurred for technical compilation of the results from the 2003 program and completion of the 2004 program. The Company incurred \$4,521,353 in drilling costs during the year and paid \$128,725 to stake the Jack Creek property.

Mineral property expenditures for the year were much higher than for the prior year as the Company completed its 2004 work programs on the Nevada properties. The Company saw increased costs for all expenditure categories as it mobilized its geological, geochemical, geophysical, and drilling personnel. Staking costs for the Jack Creek claims were incurred in the second quarter.

LIQUIDITY AND CAPITAL RESOURCES

Gateway has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

Working capital as at December 31, 2004 was \$7,819,792 compared to \$3,326,770 at December 31, 2003. The large increase for 2004 is due to the cash received from the Company's 2004 private placement and exercise of share purchase warrants. The resultant working capital is considered sufficient to meet the Company's administrative overhead and minimum property expenditure requirements for the next several years.

During the year, the Company entered into a five-year lease agreement for office premises, effective May 1, 2004. The increased staff required for the Company's expanded activity necessitated additional office space. The lease calls for minimum annual lease payments (based on 2004 operating costs) of \$303,080 over the five-year term as follows:

Fiscal Year	Amount
2005	65,904
2006	68,820
2007	70,278
2008	73,194
2009	24,884
	<u>\$ 303,080</u>

The Company has management services agreements with two of its directors that call for an aggregate of \$13,500 per month. The contracts are for rolling three-year terms that renew automatically each year, unless otherwise terminated or altered by mutual consent. Should the Company terminate these contracts without cause, it would become liable for the total amounts payable under the contracts for the remaining terms.

The Company has mineral expenditure requirements under its property agreement, which call for expenditures of \$70,000 per year. The Company has incurred all required expenditures to date. In addition, the agreement calls for advance royalty payments of \$100,000 per year beginning in fiscal 2009. However, as the Company has the option to terminate this agreement if technical results from the properties do not warrant further exploration, these expenditure requirements are not firm commitments.

As at December 31, 2004, the Company had 20,916,383 (diluted – 28,078,573) common shares issued and outstanding versus 13,855,701 (diluted – 22,076,600) at December 31, 2003. The increase reflects the success of the Company in raising funds through the issue of new shares and the exercise of warrants as described below. Issued and diluted shares outstanding as at the date hereof are 21,102,195 and 28,128,573 respectively. The increase in the issued and outstanding shares from 31 December 2004 reflects the subsequent exercise of 160,812 warrants and 25,000 options. The increase in the diluted shares outstanding is due to a subsequent grant of 50,000 options to a consultant of the Company.

During the first quarter, the Company completed a brokered private placement of 3,600,000 units at a price of \$2.75 per unit for gross cash proceeds of \$9,900,000. Each unit is comprised of one common share and one half warrant. Each whole warrant entitles the holder to purchase an additional common share for a period of one year at a price of \$3.50 if exercised in the first six months, and at a price of \$4.50 if exercised in the following six months. The Company paid the agent a finder's fee of 6% of the gross proceeds (paid in cash and the issuance of 94,182 units with the same terms and conditions as the private placement units), a finance fee of \$30,000, and issued broker warrants entitling the agent to purchase 358,200 common shares at a price of \$3.50 until 4 March 2005.

During the year, the Company received cash proceeds of \$3,593,875 upon the exercise of 3,056,500 share purchase warrants and \$17,500 upon the exercise of 50,000 stock options. In addition, the Company issued 200,000 shares to the vendors of the Big Springs, Island Mountain and Golden Dome properties at a price of \$0.35 per share. The Company also issued 60,000 shares, at a price of \$1.64 per share, to the previous operators of the Big Springs property under an agreement to acquire historical data on the property.

Actual future funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity and foreign exchange fluctuations. Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

DISCUSSION OF FOURTH QUARTER RESULTS

The Company's loss during the fourth quarter was \$730,727 or \$0.03 per share, which was relatively consistent with the previous three quarters when considering that the exploration activity of the Company was greater in the second half of the year than it was in the first half of the year. There were no significant differences or anomalies in the fourth quarter expenses or operating cash flows from the other quarters in 2004. The current fourth quarter loss compares to a loss of \$722,402 or \$0.06 per share in the fourth quarter of 2003. Cash expended on the mineral properties was \$2,620,890 compared to \$4,034,548 in the third quarter, \$797,557 in the second quarter, and \$132,718 in the first quarter. Cash flows from financing activities of \$12,500 were much lower in the fourth quarter as the bulk of the warrants exercised in the year were exercised in the third quarter, prior to their expiry date.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at 31 December 2004 or as at the date hereof.

RELATED PARTY TRANSACTIONS

Material transactions with related parties during the year include management, administration and consulting fees of \$222,000 (\$136,000 in 2003) paid to directors or companies controlled by directors. The increase is a result of both the increased level of activity of the Company and the fact that the Company currently relies heavily on its directors and officers to provide many of the services needed to manage its exploration and administrative activities. These fees include payments to three directors for services rendered in overseeing the Company's exploration activities, administrative functions, and regulatory and filing matters. The Company currently has no employees on staff to manage these functions.

Payment of \$87,382 (\$141,961 in 2003) in legal fees and disbursements was made to a firm, a partner of which is a director of the Company. Costs in the prior year were higher due to the level of legal advice required during the Company's first full year of operations. The decrease in the current year reflects the decreased legal requirements associated with financings, which included one private placement in fiscal 2003 compared to four private placements, including an initial public offering in 2003.

CRITICAL ACCOUNTING ESTIMATES

Mineral Property Costs

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. The amounts

shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

The operations of the Company may, in the future, be affected by changes in environmental regulations, including those for future reclamation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the operation, net of expected recoveries

Stock-Based Compensation

The Company has adopted the recommendations of CICA Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*, which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. The Company recognizes all stock-based awards made to employees and non-employees using the Black-Scholes Option-Pricing Model, a fair value based method.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2004, the Company adopted the recommendations of CICA Handbook Section 3110, *Asset Retirement Obligations*. This new section requires recognition of a liability for legal obligations relating to the retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of these assets. The liability for asset retirement obligations must be recognized at fair value in the period in which it is incurred when a reasonable estimate of fair value can be made. Such retirement costs are added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. The Company adopted this recommendation without any impact on its current or previous financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, GST and other amounts receivable, reclamation bonds and accounts payable. Cash and reclamation bonds earn interest at a market rates. The Company maintains most of its cash in Canadian dollars; however, the reclamation bonds are denominated in US dollars and are therefore subject to changes in fair value due to fluctuations in exchange rates. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

RISK FACTORS

Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

INDUSTRY

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

METAL PRICES

At present the principal activity of the Company is the exploration and development of gold resource properties. The feasible development of such properties is highly dependent upon the price of gold. A sustained and substantial decline in commodity gold prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors that could affect gold commodity prices in order to assess the feasibility of its resource projects.

MANAGEMENT

Gateway is very dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Gateway could result, and other persons would be required to manage and operate the Company.

ENVIRONMENTAL

Exploration and development projects are subject to the environmental laws and regulations of the country within which the Company is conducting its operations. As such laws are subject to change, the Company carefully monitors proposed and potential changes, and ensures that it is and will be in strict compliance.

Various non-governmental organizations dedicated to environmental protection monitor, amongst others, the mining industry. These organizations have in the past commenced actions with the regulatory agencies or the courts to prevent or delay mining activities.

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company provides information from its corporate offices to investors and brokers directly.

SUBSEQUENT EVENTS

Subsequent to December 31, 2004, the Company granted 50,000 five-year stock options with an exercise price of \$1.50 per share to a consultant of the Company. The Company also received cash proceeds of \$89,156 upon the exercise of 160,812 warrants and 25,000 options.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this interim Management Discussion and Analysis. A copy will be provided to anyone who requests it.

Respectfully submitted
On Behalf of the Board of Directors

"Michael D. McInnis"

Michael D. McInnis, P. Eng.
President & CEO

**FORM 52-109FT1 - CERTIFICATION OF
ANNUAL FILINGS DURING TRANSITION PERIOD**

I, Michael D. McInnis, President and Chief Executive Officer of Gateway Gold Corp., certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Gateway Gold Corp. (the "issuer") for the period ending December 31, 2004;
2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and
3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings.

Date: March 24, 2005

"Michael D. McInnis"

Michael D. McInnis
President and Chief Executive Officer

**FORM 52-109FT1 - CERTIFICATION OF
ANNUAL FILINGS DURING TRANSITION PERIOD**

I, Michael P. Raftery, Chief Financial Officer of Gateway Gold Corp., certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Gateway Gold Corp. (the "issuer") for the period ending December 31, 2004;
2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and
3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings.

Date: March 24, 2005

"Michael P. Raftery"

Michael P. Raftery
Chief Financial Officer